



# COMPREHENSIVE ANNUAL FINANCIAL REPORT



LAKE HAVASU CITY

LAKE HAVASU CITY,  
ARIZONA

YEAR ENDED

JUNE 30, 2019







# LAKE HAVASU CITY

Prepared by the Administrative Services Department

Jill Olsen  
Administrative Services Director

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Finance Division Manager



FOR THE FISCAL YEAR ENDED JUNE 30, 2019



LAKE HAVASU CITY



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LAKE HAVASU CITY

## **INTRODUCTORY SECTION**



LAKE HAVASU CITY



February 24, 2020



## To The Honorable Mayor and Members of the City Council and Citizens of Lake Havasu City, Arizona

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of Lake Havasu City, Arizona for the fiscal year ended June 30, 2019. Arizona Revised Statutes, Section 9-481 requires that incorporated cities annually publish a complete set of financial statements. The financial statements must be presented in accordance with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards by a certified public accountant, or a public accountant licensed by the Arizona Board of Accountancy. This report complies with these requirements.

The CAFR consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect City assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. The City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019, are free of material misstatement. The independent auditor concluded, based upon their audit, that the City's financial statements for the fiscal year ended June 30, 2019 are fairly presented in accordance with accounting principles generally accepted in the United States of America. This is the most favorable conclusion and is commonly referred to as an unmodified or "clean" opinion. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not

only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These auditor reports are available on the City's website.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## Profile of Lake Havasu City

**Current Profile** - Lake Havasu City is situated in the western part of Arizona in the third largest county in the United States, Mohave County. The shores of the sparkling Colorado River serve as the western border of the city, while the Mohave Mountains lie to the east. Lake Havasu City is two hours south of the world famous Hoover Dam and three and a half hours south-west of the Grand Canyon, Arizona's own World Wonder. The City, largest in Mohave County, covers 46 square miles and has an estimated population of 54,801. Many of Lake Havasu City's residents are retired. The median age of City residents is 54 years old and has steadily increased over the last fifteen years. Boasting 290 days of sunshine, the City is also temporarily home to approximately 15,000 winter visitors from fall through the early spring months. These seasonal visitors typically come from colder climates across North America. The influx of winter visitors increases the population of the City by approximately 28 percent. The City's top industries include retail, healthcare and social services, accommodations, and food service.

**History** - Lake Havasu was created with the construction of the Parker Dam in the 1930s. Prior to this, what is now Lake Havasu was a remote section of the Colorado River. In 1963, Robert P. McCulloch purchased a 26 square mile parcel of barren desert that would become the site for Lake Havasu City.

Lake Havasu City was founded as a master-planned community with an emphasis on recreation and residential retirement. Robert P. McCulloch captured the world's attention in 1967 when he purchased the London Bridge and relocated it from England to the stunning Colorado River. The bridge structure was dismantled brick by brick in London, transported to Lake Havasu City, and authentically reconstructed over a three-year period. In addition, a mile-long bridge channel was dredged, giving purpose to the transplanted landmark.

In 1963, Lake Havasu City did not qualify for incorporation under state law and so became a recognized Irrigation and Drainage District (IDD). The IDD's Board of Directors acted as City Councilmembers in order to run the City. In the early 1970s, the Board took steps toward incorporation. Near the end of the decade, incorporation was made possible with a new state law that enabled a new municipality to organize as a city and to assume trusteeship of bonded debts and special districts. The City was incorporated in 1978 by a vote of the residents.

**Government and Organization** - Lake Havasu City has operated under the council-manager form of government since 1978. The Mayor and Councilmembers are elected at-large for four-year terms. Their terms are staggered on a two-year basis. The City Council sets policies, enacts ordinances, and appoints the City Manager. The City Manager administers the daily operations and programs of the City through the department directors, other staff members, and employees.

The City provides a full range of municipal services, including police and fire protection, street construction and maintenance, water and sanitary sewer services, parks, local airport, recreation and cultural services, and a variety of other traditional support activities.

The City is empowered to levy a property tax on real and certain personal properties located within its boundaries. It is also empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

**Budget** - The Annual Budget serves as the foundation of the City's financial planning and control. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1st. The budget will include all proposed expenditures and the means to finance them. The legal level of control is at the department level. The City's budget includes contingency funds which can be authorized for unanticipated expenditures and emergency events. The City Council is required to hold public hearings on the Proposed Budget and the tax levy in order to provide taxpayers an opportunity for comment. A Tentative Budget must be adopted by the City Council by the third Monday in July, but the City makes every effort to have the final budget adopted prior to the start of the new fiscal year.

## Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from a broader perspective of the specific environment within which the City operates.

Lake Havasu City continues to put an emphasis on recreation and residential retirement.

### **Business**

The City issued two percent more business licenses in fiscal year 2019 over the prior fiscal year. Small businesses make up the majority of business in Lake Havasu, with over 85 percent of the businesses in the City having nine or fewer employees.

Additional shopping can be found in the Channel River walk area and the Uptown McCulloch Main Street District. Unique boutiques, salons, night clubs, restaurants, and performing arts facilities can be found throughout the community.

Lake Havasu City is transforming the local business industry, with F106, the City's first cowork space. F106 serves a prototype of a larger coworking operation that is part of the Vision 20/20 initiative. Lake Havasu's up and coming business entrepreneurs are provided with many avenues to market their companies and collaborate with peers. Programs such as Creative



Comrades and First Friday allow entrepreneurs to promote their businesses, while sharing their creative vision with the community.

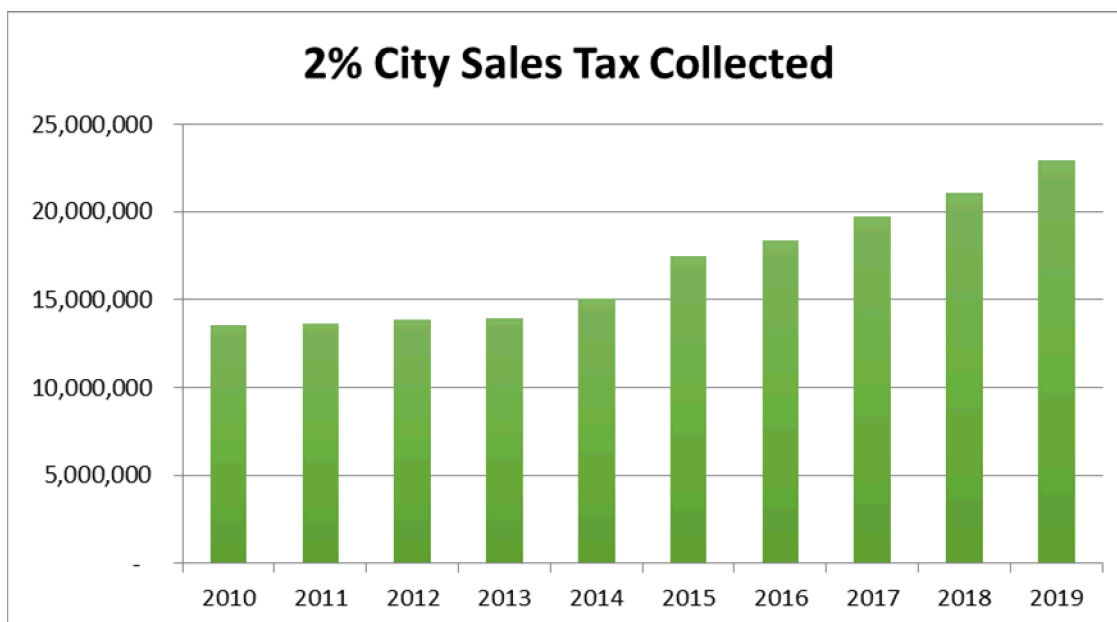
### **Tourism and Visitation**

Lake Havasu City sits on the eastern shore of Lake Havasu, along 60 continuous miles of lake and river waterways. The reservoir has an available capacity of 619,400 acre feet of water and over 450 miles of shoreline. Although the lake's primary purpose was to store water for pumping into two aqueducts, the lake offers some of the best boating, fishing, and water sports in the Southwest.

As such, tourism is one of the City's largest contributors to the local economy. With more than 320 days of sunshine a year, Lake Havasu annually attracts thousands of visitors for vacationing, special events, and other attractions, including the London Bridge. Here, you can explore the desert by foot, mountain bike, or off-road vehicle. You can discover secret lake coves in a kayak or in a high-performance luxury boat, lounge in the Bridgewater Channel, or camp under gazing stars. Lake Havasu City is host to more than 300 annual events, including one of the largest hot air balloon festivals in the nation, a show of more than 500 vintage and remodeled Volkswagen buses, over 800 pyro-technicians showcasing new firework products, several of the largest classic car and boat shows in the southwest, one of the top three high-performance boat races in the nation, an international showcase of the top personal watercraft (PWC) racers in the world, and a holiday boat parade of lights. Lake Havasu also hosts more than 20 fishing tournaments annually.

### **City Sales Tax Revenues**

Local sales tax is the City's largest General Fund revenue source, and is second only to Utility Revenues citywide. Overall Transaction Privilege Tax (TPT) collections increased 9.5 percent from fiscal year 2018 to 2019. This is a continuing trend of recovery for the City, which has experienced steady growth in sales tax revenue since fiscal year 2010. The City's three-cent hotel/motel, or bed tax, increased 13.2 percent and the restaurant and bar one-cent tax increased 3.7 percent from fiscal year 2018. In fiscal year 2019 revenue was recognized for thirteen months for TPT. This changed resulted in TPT over prior year in total of 18.8 percent, 12.4 percent restaurant and bar, and 25.1 percent bed tax. The chart below provides a historical summary by year of the City's two-percent sales tax collections.



### **Economic Development**

The number of new single-family housing permits issued decreased by 76, or 5 percent over the prior year. Total value of the new residential housing permits issued decreased by 8 percent, from \$108 million in fiscal year 2018 to \$99 million in fiscal year 2019. The number of commercial building permits issued decreased by 1 percent, with a total value decrease of almost 30 percent over the prior year. The overall building permits value decreased 39 percent over the prior year.



*Future Havasu Riviera State Park, Photo Credit: Arizona State Parks*

Current and future new development within the City limits includes infrastructure and grading for 29 residential lots in Phase 2 of the Arroyos and another 71 residential lots in Phase 2 of the Villas all located in Havasu Foothills, these are expected to be completed midway through 2020.

Preliminary plans have been approved for Window Rock, Bluewater, and Marine View Phase 2 subdivisions and we are anticipating submittals for final plan approvals and infrastructure construction to start in 2020. Marine View Phase 1 and the Coves at Sailing Hawks Subdivisions have started infrastructure construction for 98 residential lots and 2 commercial lots, which are expected to be complete in 2020. A new Marina, restaurant, and dry boat storage located in Havasu Riviera is anticipated to start construction in early 2020, and will be completed in 2021. Pre-application meetings have taking place for a proposed 90 unit Hotel located on Park Ave and construction is expected to start in 2020. T and T Enterprises is a 39,900 square foot retail & shipping warehouse facility that is under construction and expected to open in early 2020. Goodwill retail building is under construction and expected to be completed in early 2020. Permits have been issued for Habit Burger, which is expected to be completed in the spring of 2020. Ten multi-family complexes are in various stages of the development process and are expected to be completed in 2020.

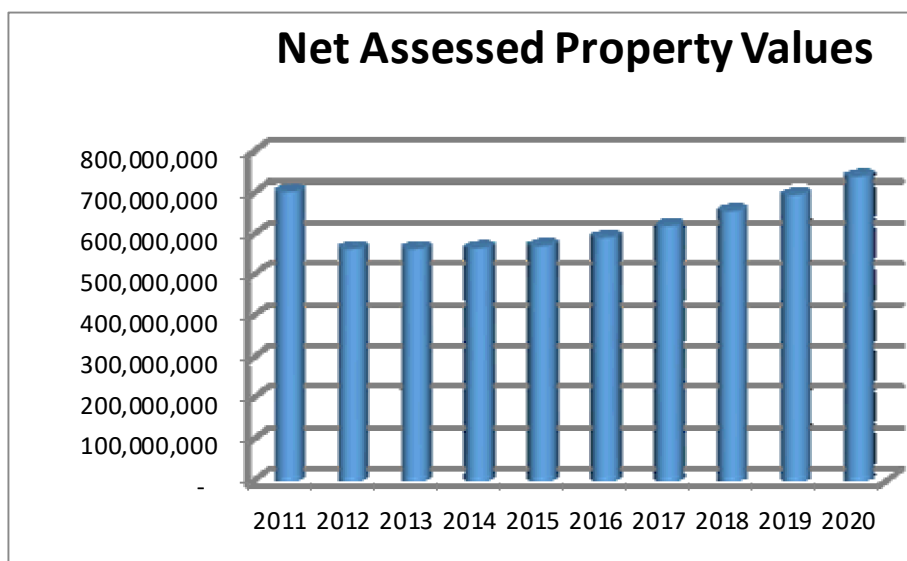
To further tourism, the City committed 75 percent of the proceeds from the additional three percent hotel/motel and one percent restaurant and bar sales tax to the Convention and Visitors Bureau (CVB) to facilitate promotion of the City as “Arizona’s Playground”. Contributions to the CVB in fiscal year 2019 were \$1.8 million.

To further economic development in fiscal year 2019, the City contributed \$612,000 to the Partnership for Economic Development (PED), which is funded from the remaining 25 percent of the additional three percent hotel/motel and one percent restaurant and bar sales tax. The PED’s mission is to foster growth of local and existing businesses, and attract new businesses to the region.

### **Property Values**

Total net assessed property values in the City have not yet reached the level of values prior to the Recession, but have been increasing since 2012. Total primary property values are \$695 million in 2019, an increase of 6.0 percent and \$738 million in 2020, an increase of 6.4 percent. The City is statutorily allowed to set the primary property tax rate at a two percent annual growth in revenues plus new construction.

The 2020 budget sustains the City’s long tradition of financial strength and flexibility, balanced with





reinvestment in the infrastructure and services that support economic development, and a high quality of life for residents. As reported to Council during the fiscal year 2020 budget process, financial projections for fiscal year 2020 show continued signs of positive revenue growth, specifically in transaction privilege tax and property tax revenues. Locally, the unemployment rate at June 30, 2019 was 5.5 percent, which represents a slight decrease from the June 2018 rate of 5.7 percent.

## Long-term Financial Planning

The City seeks to consistently maintain a strong financial position as evidenced by its AA-/Aa3 rating from Standard & Poor's Rating Group and Moody's Investors Services, respectively, on its outstanding general obligation bonds, where debt service is supported by property taxes. Ratings for bonds supported by the City's enterprise revenues or excise taxes are A-/A2, respectively. This objective requires regular long-term planning of operating and capital requirements for its major general government and enterprise programs. In doing so, the City relies on key financial policies and procedures for dealing with future events in financially responsible ways.

A key financial goal of the City is to maintain healthy reserve levels. Other financial practices followed are designed to avoid the meeting of recurring expense needs with one-time revenue resources and to ensure an ongoing mix of pay-as-you-go funding and long-term debt for capital needs.

## Major Initiatives and Accomplishments

The following highlights some of the accomplishments achieved by the City in fiscal year 2019:

### Major Capital Projects 2019 Expenditures:

- Lake Havasu Avenue Reconstruction \$4 million – Multi-year project for the improvement of Lake Havasu Ave with new pavement, medians, water and sewer mains, and turn lane additions.
- Tank and Booster Replacements \$0.9 million – Multi-year project to update for the enhancement of service reliability, system redundancy, and lowering of operations and maintenance.
- Rotary and London Bridge Beach Parks Restroom Improvements \$1.6 million – Multi-year project to rehabilitate and increase the number of restroom facilities within the parks.
- Enterprise Resource Planning Implementation \$0.7 million – Multi-year project for the implementation and replacement of a 20-year-old software system.
- Havasu 280 Riviera and Contact Point State Park Project \$1.7 million – Multi-year project to install roadway to the Havasu Riviera.



*Lake Havasu Avenue Reconstruction*

## For the Future

Lake Havasu City's adopted fiscal year 2020 budget supports core services and the priorities and policy direction of the City Council. The combined capital and operating budget for the fiscal year beginning July 1, 2019 totals \$149 million, excluding depreciation. The challenges in balancing the budget include available resources in some of the funds and balancing on going budget expense requests with on-going funding. The budget balances modest projected revenue increases with additional expenses in priority areas such as public safety retirement, compensation programs, and employee healthcare, including:

- 6.5 percent or \$303,000 increase in property tax revenue for new construction and holding the tax levy rate.
- 3.7 percent or \$892,000 increase in local sales tax revenue.
- 3.8 percent or \$1.0 million to fully staff and continue the citywide merit step increase program.
- 12.0 percent or \$728,000 to address rising employee health care costs.

The 2020 capital budget includes new and/or continuing projects totaling \$24.1 million, including:

- Continuation of the Water Main Replacement Program and Tank and Booster Station Improvements - \$7.8 million
- Wash Stabilization and Drainage Improvements – \$3.6 million
- Wastewater Iron Main Replacement – \$1.9 million
- Wastewater System Filtration and Flow Equalization – \$1.3 million

- Water Conservation and Reuse Improvements - \$1.5 million
- Airport Airfield and Runway Improvements - \$1.9 million

Fiscal year 2020 capital funding sources include traditional capital revenues, capital reserves, and grants.

## Awards and Acknowledgments

The City has participated in and was awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program for fiscal year ended June 30, 2018. GFOA recognizes governmental units that issue their CAFR substantially in conformity with Generally Accepted Accounting Principles (GAAP) and legal requirements. The City has received this award for its CAFR since 1986.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another award.

This report has been prepared by the City's Administrative Services Department, particularly the Finance Division staff. The contributions of all are invaluable and clearly reflect the high standards set for City staff.

It is also appropriate to thank the Mayor, members of the City Council and the City Manager for making possible the excellent financial position of the City through their interest and support in planning and conducting the financial affairs of the City.

Respectfully submitted,



Jill Olsen  
Administrative Services Director



Trinna Ware  
Finance Division Manager, MBA



Government Finance Officers Association

# **Certificate of Achievement for Excellence in Financial Reporting**

Presented to

**Lake Havasu City  
Arizona**

For its Comprehensive Annual Financial  
Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# ORGANIZATIONAL CHART



CITIZENS OF LAKE HAVASU CITY

MAYOR & CITY COUNCIL

CITY ATTORNEY  
KELLY GARRY

CITY MANAGER  
JESS KNUDSON

MAGISTRATE  
MITCHELL KALAU LI

ADMINISTRATIVE SERVICES  
DIRECTOR  
JILL OLSEN

CITY CLERK  
KELLY WILLIAMS

COMMUNITY INVESTMENT  
DIRECTOR  
GREG FROSLIE

PARKS AND RECREATION  
MANAGER  
MIKE KEANE

FIRE CHIEF  
BRIAN DAVIS

PUBLIC WORKS MANAGER  
MARK CLARK

POLICE CHIEF  
DAN DOYLE





LAKE HAVASU CITY

2330 MCCULLOCH BLVD N.  
LAKE HAVASU CITY, AZ 86403  
(928) 855—2116 | LHCAZ.GOV



# City Council

Pictured from left to right:

Jeni Coke, Councilmember | Jim Dolan, Councilmember |  
Donna McCoy, Councilmember | Cal Sheehy, Mayor |  
Michele Lin, Councilmember | Gordon Groat, Councilmember |  
David Lane, Vice Mayor |

## **FINANCIAL SECTION**



LAKE HAVASU CITY



## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and the City Council  
Lake Havasu City, Arizona

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lake Havasu City, Arizona (City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lake Havasu City, Arizona as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Highway User Revenue (HURF) Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As described in Note 4.D. to the financial statements, the City restated beginning balances of its financial statements for the year ended June 30, 2018, to correct misstatements in its previously issued financial statements. Our auditors' opinion was not modified with respect to the restatement.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Changes in the City's Total OPEB Liability and Related Ratios, the Schedule of the City's Proportionate Share of Net Pension Liability, Schedule of City Pension Contributions, and Schedule of Changes in the City's Net Pension Liability and Related Ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake Havasu City, Arizona's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable Mayor and the City Council  
Lake Havasu City, Arizona

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2020, on our consideration of the Lake Havasu City, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lake Havasu City, Arizona's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
February 24, 2020



**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Management's Discussion and Analysis**

As management of Lake Havasu City (the *City*), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. The financial statements are prepared in accordance with Governmental Accounting Standards (GASB) principles. The discussion and analysis is designed to be read in conjunction with the transmittal letter at the front of this report and the City's financial statements and notes, which follow this section.

**Financial Highlights**

- The City's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of the fiscal year 2019 by \$268 million (net position). Of this amount, \$28.6 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase in unrestricted net position of \$6.2 million from fiscal year 2018.
- As of June 30, 2019, the City's governmental funds had a combined ending fund balance of \$44.0 million, a decrease of \$2.3 million (5.0 percent) in comparison with the prior fiscal year. The decrease in fund balance was primarily due to an increase in capital outlay and street projects.
- At the close of the fiscal year, the General Fund had an ending fund balance of \$39.1 million, which represents a \$.3 million decrease from the prior fiscal year. Of that amount, unassigned fund balance for the General Fund was \$34.5 million or 60.8 percent of the total General Fund expenditures of \$56.8 million.
- The City's total liabilities decreased by \$20.2 million to \$364.9 million during the fiscal year. This decrease is the net of a decrease of \$12.0 million in the Governmental Activities and a decrease of \$8.2 million in the Business-Type Activities. The decrease is due primarily to the repayment of the excise tax revenue bonds decreasing liabilities by \$7.5 million. The decrease in Business-Type Activities liabilities is primarily from the repayment of long-term debt in the amount of \$5.7 million.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Overview of the Financial Statements**

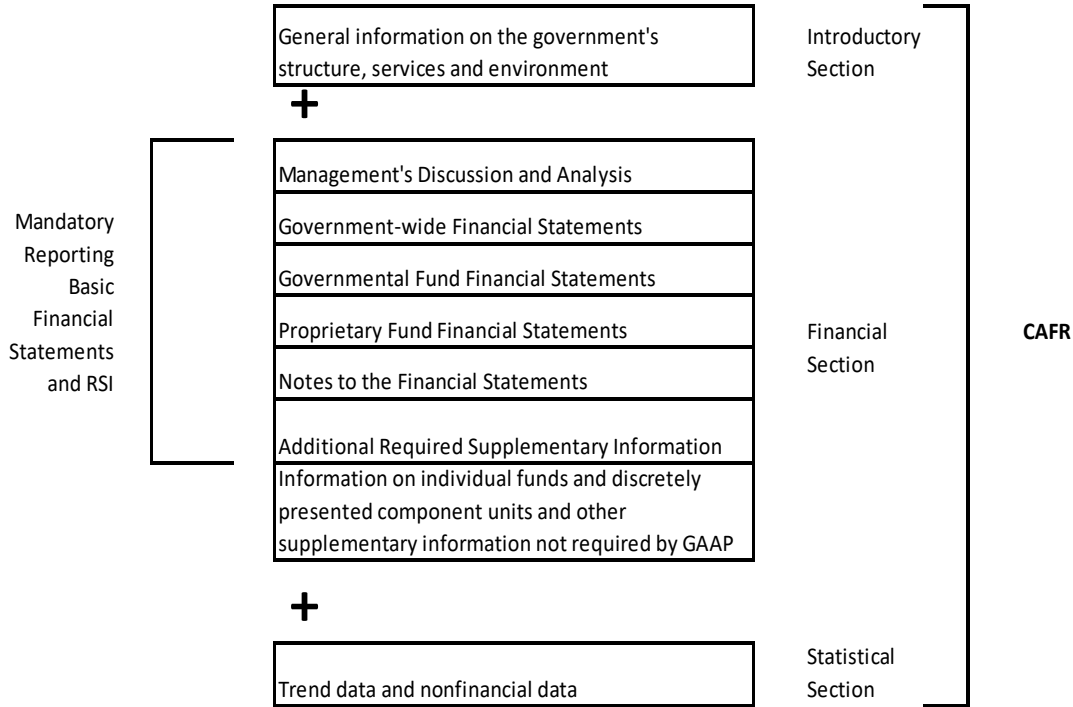
The City provides both an introductory and financial section in the Comprehensive Annual Financial Report (CAFR). The financial section has three components – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements, as follows:
  - Governmental fund statements illustrate how general government services, such as public safety and public infrastructure, for example, were financed in the short-term as well as what remains for future spending.
  - Proprietary fund statements offer short and long-term financial information about the activities the government operates as a business, including the water and sewer enterprise, refuse (trash), and the airport.

The financial statements also include notes that explain some of the information in the financial statements and provide data that are more detailed. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements, specifically related to the employee retirement systems and pension plans.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**The Comprehensive Annual Financial Report (CAFR) and  
Relationship to the Basic Financial Statements and Required  
Supplementary Information (RSI)**



**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or declining.

The **statement of activities** presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, culture and recreation, tourism and promotion, and transportation services. The business-type activities of the City include water (Irrigation and Drainage District (IDD)), wastewater and trash (Refuse) utilities, and the airport. These activities are primarily supported through user charges and fees.

The government-wide financial statements include not only the City itself but other separate legal entities in its report. The Improvement Districts, the IDD Fund (water) and the Metropolitan Planning Organization (MPO) represent legally separate, "component units". These are important to note because the City is financially accountable for these component units. A description of these units is available in Note 1 A. on page 53. Separate financial statements are not prepared for these component units.

The government-wide financial statements can be found on pages 34 - 36 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds organized according to their purpose (special revenue, debt service, and capital projects) presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Highway User Revenue Fund (HURF), and Capital Projects Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in a separate section in this report.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

The City adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and HURF Fund as part of the basic financial statements to demonstrate compliance with this budget. Budgetary comparisons for all other governmental funds are provided in the combining and individual fund statements and schedules.

The basic governmental fund financial statements can be found on pages 37 - 42 of this report.

**Proprietary Funds.** Proprietary funds are generally used to account for services for which the City charges its customers - either outside customers, internal units or departments of the City. The City maintains two different types of proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

*Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water (IDD), wastewater, trash (Refuse), and airport operations. Three of the City's enterprise funds, the IDD, Wastewater and Refuse are considered major funds of the City. Individual fund data on the Airport is provided in the nonmajor business-type activities column of the Proprietary Fund financial statements.

The basic proprietary fund financial statements can be found on pages 45 - 52 of this report.

**Notes to the Financial Statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53 - 94 of this report. The supplemental schedule of changes in long-term debt provides a comprehensive overview of the City's total debt and can be found on pages 74 - 75.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and other postemployment benefits for eligible city employees hired before July 1, 2004. Required supplementary information can be found on pages 95 - 101 of this report.

**Combining Statements.** The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental and enterprise funds are presented on pages 102 - 110 of this report.

**Statistical Information.** The statistical section, found on pages 111 - 157, presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information indicates about the City's overall financial health.

### **Government-wide Financial Analysis**

While this document contains information about the funds used by the City to provide services to our citizens, the Statement of Net Position and the Statement of Activities serve to provide information on how the City, as a whole, did financially throughout the year. These statements use the accrual basis of accounting similar to the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$268 million at the close of fiscal year 2019 and \$255 million at the close of fiscal year 2018.

The following table is a condensed summary of the City's net position for governmental and business-type activities:

**Condensed Statement of Net Position  
June 30, 2019 and 2018  
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2019	2018 (Restated)	2019	2018	2019	2018	
Current and Other Assets	\$ 49,497	\$ 53,405	\$ 92,481	\$ 89,884	\$ 141,978	\$ 143,289	(0.9)%
Capital Assets							
Non-depreciable	33,338	31,229	12,139	15,760	45,478	46,989	(3.2)
Depreciable	77,156	70,256	358,218	366,222	435,374	436,478	(0.3)
Total Assets	159,991	154,890	462,839	471,866	622,830	626,756	
Deferred Outflows of Resources	17,367	19,295	982	1,041	18,349	20,336	(9.8)
Other Liabilities	5,199	4,763	7,455	9,213	12,654	13,976	(9.5)
Non-current Liabilities							
Due Within One Year	9,963	10,668	5,615	5,328	15,579	15,996	(2.6)
Due in More Than One Year	96,772	108,527	239,859	246,554	336,632	355,081	(5.2)
Total Liabilities	111,935	123,958	252,930	261,095	364,865	385,053	
Deferred Inflows of Resources	6,327	3,100	2,392	2,057	8,720	5,157	69.1
Net Positions:							
Net Investment in Capital Assets	99,784	85,407	134,619	140,976	234,403	226,383	3.5
Restricted	4,587	5,990	13	21	4,601	6,011	(23.5)
Unrestricted	(45,276)	(44,270)	73,866	68,758	28,591	24,488	16.8
Total Net Positions	\$ 59,096	\$ 47,127	\$ 208,498	\$ 209,755	\$ 267,594	\$ 256,882	



**LAKE HAVASU CITY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

The largest portion of the City's net position in fiscal year 2019 and fiscal year 2018, \$234.4 million (87.6 percent) and \$226.4 million (88.1 percent), respectively, reflects its investment in capital assets, (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire these assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, in the amount of \$4.6 million (1.7 percent) in fiscal year 2019, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$28.6 million (10.7 percent) may be used to meet the government's ongoing obligations to citizens and creditors. In fiscal year 2018, \$6.0 million (2.3 percent) of the City's net position was subject to external restrictions and \$24.5 million (9.6 percent) was available to be used to meet the government's ongoing obligations to citizens and creditors.

**Analysis of Changes in Net Position**

Total revenues exceeded total expenses in the current year, resulting in an increase in the City's total net position of \$12.8 million in fiscal year 2019 compared to an increase in net position of \$2.8 million during fiscal year 2018. These changes are explained in the government and business-type activities discussion.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Statement of Activities  
Fiscal Years Ended June 30, 2019 and 2018  
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2019	2018 (Restated)	2019	2018	2019	2018	
<b>REVENUES</b>							
Program Revenues:							
Charges for Services	\$ 5,581	\$ 5,491	\$ 41,199	\$ 41,244	\$ 46,781	\$ 46,735	0.1 %
Operating Grants and Contributions	7,539	7,163	-	-	7,539	7,163	5.3
Capital Grants and Contributions	-	223	3,133	3,704	3,133	3,927	(20.2)
General Revenues:							
Property Taxes	4,739	4,510	5,694	5,702	10,432	10,212	2.2
Business Taxes	25,600	23,510	21	8	25,621	23,518	8.9
Other Taxes and State Shared Revenues	17,603	17,144	35	-	17,638	17,144	2.9
Investment Earnings	1,214	159	2,737	194	3,951	353	1019.2
Gain (Loss) on Disposal of Capital Assets	337	-	-	(92)	337	(92)	466.7
Other	-	-	236	-	236	-	N/A
Total Revenues	<u>62,615</u>	<u>58,200</u>	<u>53,054</u>	<u>50,760</u>	<u>115,668</u>	<u>108,960</u>	
<b>EXPENSES</b>							
General Government	16,232	15,966	-	-	16,232	15,966	1.7
Public Safety	31,100	32,534	-	-	31,100	32,534	(4.4)
Highways and Streets	5,507	5,986	-	-	5,507	5,986	(8.0)
Culture and Recreation	3,120	3,395	-	-	3,120	3,395	(8.1)
Tourism and Promotion	2,438	2,264	-	-	2,438	2,264	7.7
Transportation	645	724	-	-	645	724	(11.0)
Interest on Long-term Debt	156	377	-	-	156	377	(58.5)
Refuse	-	-	6,397	5,825	6,397	5,825	9.8
Irrigation and Drainage	-	-	11,471	12,388	11,471	12,388	(7.4)
Wastewater	-	-	26,017	25,177	26,017	25,177	3.3
Airport	-	-	1,875	1,559	1,875	1,559	20.3
Total Expenses	<u>59,197</u>	<u>61,246</u>	<u>45,760</u>	<u>44,949</u>	<u>104,957</u>	<u>106,195</u>	
<b>CHANGE IN NET POSITIONS BEFORE TRANSFERS</b>	3,418	(3,046)	7,293	5,811	10,711	2,765	287.4
Transfers	8,551	1,712	(8,551)	(1,712)	-	-	
<b>CHANGE IN NET POSITIONS</b>	11,968	(1,334)	(1,257)	4,099	10,711	2,765	
<b>NET POSITIONS - BEGINNING, AS RESTATED</b>	47,127	48,461	209,755	205,656	256,882	254,117	
<b>NET POSITIONS - END OF YEAR</b>	<u>\$ 59,096</u>	<u>\$ 47,127</u>	<u>\$ 208,498</u>	<u>\$ 209,755</u>	<u>\$ 267,594</u>	<u>\$ 256,882</u>	

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Governmental Activities.** When compared to beginning balance, Governmental activities increased the City's net position by \$14.0 million (31.2 percent) in fiscal year 2019 and decreased the City's net position by \$1.3 million in fiscal year 2018.

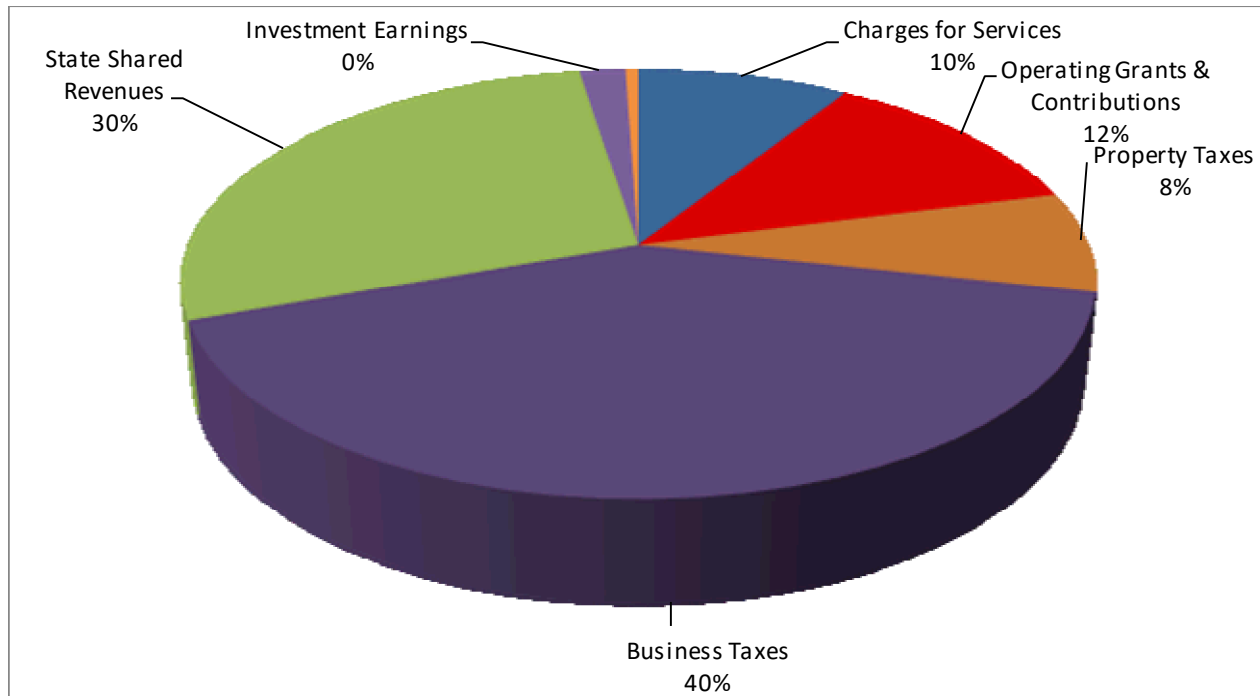
Total revenue for Governmental activities increased \$4.4 million (7.6 percent) over the previous fiscal year. Program revenues represent fees and charges on those who directly benefit from these fee-based programs, such as permit and inspection fees, and charges for recreation and aquatic classes and programs. General revenues are used to fund cost of services not covered by program revenues. General revenues consist mostly of tax revenues such as sales taxes (also referred to as transaction privilege taxes), property taxes, and state shared taxes. The significant changes in revenues are:

- Business tax revenue, which is the single largest source of general government revenue, includes sales and use taxes. Business tax revenue increased \$2.1 million (9.0 percent) over the previous fiscal year. Retail sales tax increased by 6.4 percent, hotel and other lodging increased 15.2 percent and restaurant and bar sales tax increased 4.2 percent. These increases are attributed to an improving economy and tourism.
- Other taxes and state shared revenues increased by \$494,847 (2.9 percent) from the previous fiscal year. The state shared revenues in this category were up \$489,718 (3.2 percent). Franchise taxes are included in this category and decreased by \$5,129 (.3 percent).
- Operating grants and contributions revenues increased \$375,830 (5.2 percent). HURF revenues in this category increased \$333,630 (6.5 percent). Housing grants increased \$76,853 (29.6 percent) and public safety grants decreased \$15,151 (2.4 percent), respectively.
- Charges for services including fees and fines increased by \$90,742 (1.7 percent) from the previous fiscal year. This increase is primarily due to building and development fees.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

The source of funds for overall governmental activities, without regard to program, is presented below:

**Governmental Activities Revenues  
Fiscal Year 2018-19**



Total cost of programs and services for governmental activities decreased by \$2.1 million (3.3 percent) over the previous fiscal year to \$59.2 million. Notable changes in the costs of programs and services are:

- Public Safety, which is comprised of the Police and Fire Departments, is the largest governmental cost (52.5 percent). Public Safety operating costs increased by (2.3 percent) in 2019. In total, Public Safety costs decreased \$1.4 million (4.4 percent) over the previous year. The decrease is due to adjustments in accounting for pension costs of \$3.4 million. General Government is the second largest governmental cost (27.5 percent). General Government includes Maintenance Services, Municipal Court, Operations, Community Investment (Building and Planning Groups), and the City Administrative Departments. General Government increased \$265,748 (1.7 percent) over the previous year.
- Highways and Streets costs decreased \$479,287 (8.0 percent) over the previous fiscal year.
- Tourism and Promotion is 4.1 percent of governmental cost. Tourism and Promotion increased \$174,489 (7.7 percent). This increased cost is supported and is directly tied to the additional 1% restaurant and bar and 3% accommodation sales tax. The taxes are paid to the Lake Havasu Partnership for Economic Development (PED) and the Lake Havasu Convention and Visitors Bureau (CVB) to support economic growth and tourism.

**LAKE HAVASU CITY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

**Business-Type Activities.** Business-type activities decreased the City's net position in fiscal year 2019 by \$1.3 million (.6 percent) bringing the total net position to \$208.5 million and increased the City's net position in fiscal year 2018 by \$4.1 million.

Total revenue for Business-type activities increased by \$2.2 million (4.3 percent). The increase is from investment earnings which increased by \$2.5 million this fiscal year.

- Water fees, fines, and charges for services in the Irrigation and Drainage fund decreased by \$928,417 (6.6 percent) over the previous fiscal year, which was driven by lower water consumption.
- Wastewater fees, fines, and charges for services increased by \$520,537 (2.3 percent). As a general trend, water conservation measures have limited revenue growth in wastewater charges for service. The City uses a winter quarter averaging to calculate sewer charges. Three of the four lowest winter months' sewer consumption is used to establish customer's bills for the year. During fiscal year, 2018 water consumption was up establishing a higher winter quarter average for fiscal year 2019. Residents and businesses have become more aware of the impact of water use during those months on the sewer bill for the rest of the year.
- Refuse charges for services increased by \$378,576 (5.9 percent). This is due to a new mid-fiscal year 2018 contract. This has increased revenues from the sanitation service provider, for both collection and landfill revenue.

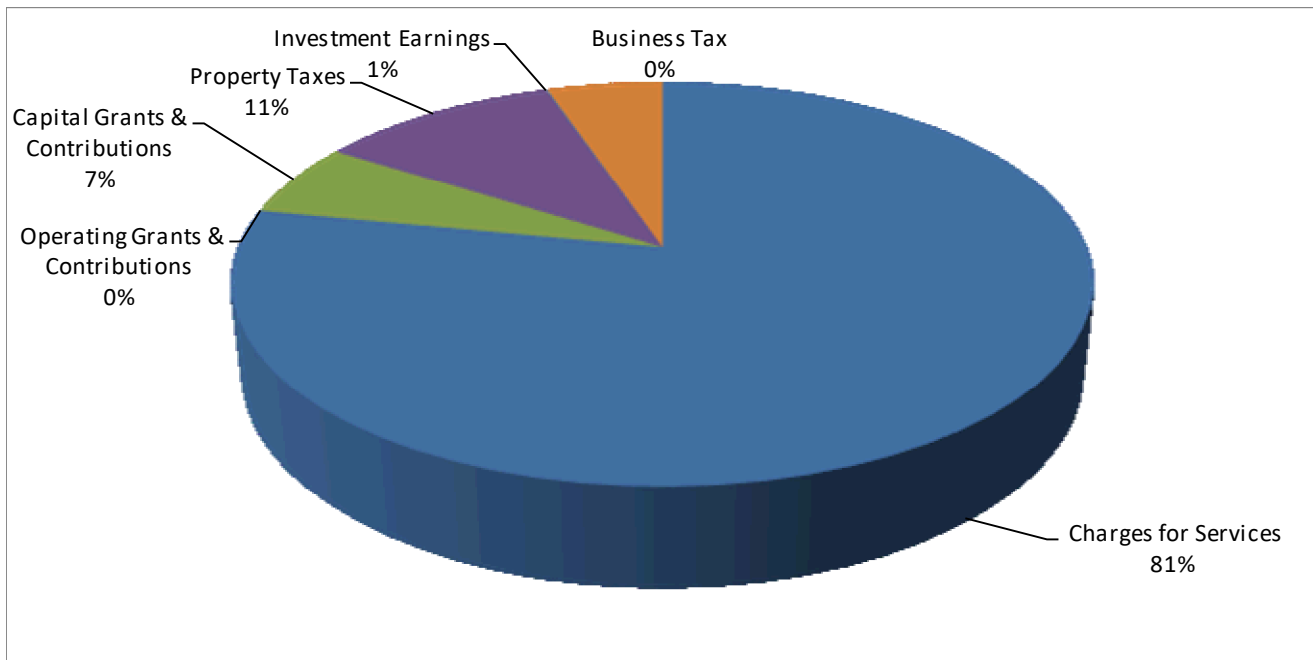
Total costs of programs and services for Business-type activities increased by \$684,807 million (1.5 percent) over the previous fiscal year. Significant changes in costs of programs and services include:

- Expenses in the Irrigation Drainage Fund decreased \$916,684 million (7.4 percent) this fiscal year. The decrease was driven by capital infrastructure projects, which includes water main replacements and tank and booster improvements.
- Expenses in the Wastewater Fund increased by \$712,765 (2.8 percent) this fiscal year. This increase is the result of increased expenses in repairs of machinery and equipment, capital outlay, and an increase in transfers to fixed assets.
- Expenses increased in the Refuse Fund by \$572,169 (9.8 percent) over the prior fiscal year. The collection of residential trash is contracted to a third party based on the number of trash accounts billed by the City. The increase in expense is primarily due to a new mid-fiscal year 2018 contract that increased the amount the City pays to the contractor for the collection of trash.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

As shown in the "Business-type Activities Revenues by Source" chart, charges for services provided the largest share of revenues (81 percent) followed by property taxes (11 percent).

**Business-type Activities Revenues by Source  
Fiscal Year 2018-19**

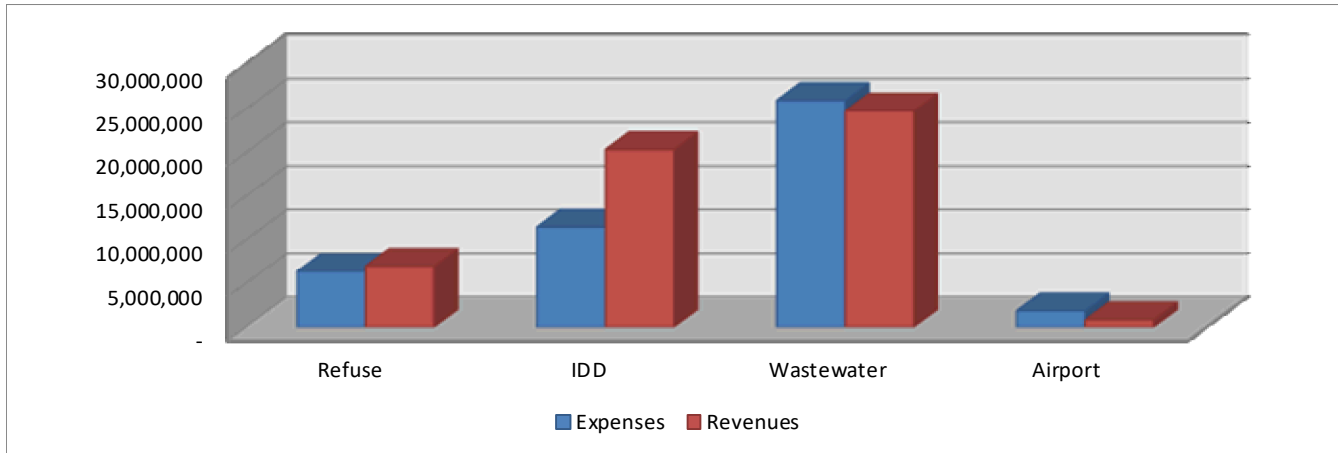




**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

As shown in the “Business-type Activities Program Revenues and Expenses” chart below, the largest of Lake Havasu City’s business-type activities, Wastewater, had program expenses of \$25.9 million in fiscal year 2019, followed by Irrigation and Drainage (IDD) with \$11.5 million.

**Business-type Activities Program Revenues and Expenses  
Fiscal Year 2018-19**



The City’s Wastewater Division is responsible for the collection and treatment of all the sewage generated in the City which is connected to the sewer system. More than 50 lift stations are positioned in the City to pump the sewage to the three (3) separate treatment plants.

The City’s Water Division, which resides in the Irrigation and Drainage Fund (IDD), provides potable water to the City’s residents; operates and maintains the water treatment plant and all existing wells pump stations, storage reservoirs, transmissions, and distribution lines; and provides and installs service connection and meter to every residence and business in the City.

**Financial Analysis of Lake Havasu City’s Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements and may serve as a useful measure of a government’s net financial resources available for spending at the end of the fiscal year to finance the City’s programs. The types of governmental funds reported by the City include the General Fund, Special Revenue Funds, and Capital Project Funds.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

As of the end of fiscal year 2019, the City's governmental funds reported combined ending fund balances of \$44.0 million, a decrease of \$2.3 million (5.0 percent) in comparison with fiscal year 2018 fund balance of \$46.2 million. The majority of the fund balance of \$34.5 million (78.5 percent) is unassigned fund balance and is available for use at the government's discretion. Approximately \$4.2 million (9.7 percent) is restricted in its use by externally enforceable limitations. Approximately \$4.8 million (11.0 percent) is assigned for use by management for specifically identified uses. There is \$0 committed by Council action. The remaining of \$374,462 (.9 percent) is nonspendable is the portion of net resources that cannot be spent because of their form (inventory, prepaid expenses).

The General Fund is the chief operating fund of the City. At the end of fiscal year 2019, the total fund balance of the General Fund reached \$39.1 million, which is a .8 percent decrease from the prior year. The nonspendable portion of the fund balance is \$374,462 (1.0 percent), reflecting inventory and prepaid expenses. The restricted portion of the fund balance is \$200,239 (0.5 percent). There is \$0 committed of the fund balance. The portion assigned is \$4.0 million (10.3 percent), and the unassigned fund balance is \$34.5 million (88.2 percent), which is available for use at the City's discretion. At the end of fiscal year 2018, total fund balance reached \$39.5 million. Of that fund balance, \$9.2 million (23.4 percent) was nonspendable, \$140,783 (0.4 percent) was restricted, committed was \$28,614 (0.1 percent), \$2.7 million (6.8 percent) was assigned, and \$27.4 million (69.4 percent) was unassigned.

The fund balance of the City's General Fund decreased \$307,778 (.8 percent) during fiscal year 2019. Key factors for this increase are:

- Overall, total revenues in fiscal year 2019 reflected an increase of \$3.6 million (7.1 percent). Revenues went up mainly due to an increase in transaction privilege tax or sales tax revenue. Transaction privilege tax (sales tax) revenue in the General Fund increased by \$2.1 million (8.9 percent) in fiscal year 2019 compared to fiscal year 2018. The increase in sales tax revenue is a result of growth in the economy.
- Investment earnings increased \$854,655 (24.2 percent) and intergovernmental revenue increased \$410,999 (2.6 percent) in fiscal year 2019 compared to fiscal year 2018.
- All other major revenues only showed slight changes. Property tax, charges for services, fines and forfeitures, franchise tax increased while license and permits, rents and royalties, and contributions and donations decreased.
- General Fund expenditures reflected a decrease of \$2.7 million (4.6 percent) in fiscal year 2019. General Government decreased 609,890 (3.9 percent); Public Safety increased \$641,045 (2.3 percent), and Culture and Recreation decreased by \$1.0 million (25.2 percent). The Public Safety increase is primarily due to additional salary and benefit expenses in fire personnel.

The HURF Fund, which accounts for the City's highway and street activities, had a net decrease in fund balance of \$1.5 million (30.8 percent) in fiscal year 2019. Total revenues increased \$515,570 (10.1 percent) primarily due to an increase in gasoline tax revenues received from the Arizona Department of Revenue. Total cost of programs and services increased by \$2.7 million (59.0 percent). Capital Infrastructure projects increased by \$3.0 million over prior year.

The Capital Projects Fund had a decreased in fund balance of \$401,450 (41.6 percent) as compared to fiscal year 2018. This is due to planned capital expenditure of fund balance.

**LAKE HAVASU CITY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal years 2019 and 2018, the unrestricted net position for the Irrigation Drainage District Fund was \$41.1 million and \$37.1 million, respectively; the Wastewater Fund was \$32.1 million and \$29.8 million, respectively; the Refuse Fund was \$820,755 and \$2.0 million, respectively; the Total Nonmajor was (\$158,673) and (\$122,735), respectively. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. General Fund revenues for fiscal year 2019 were \$2.1 million more than projected. The most significant differences between final estimated revenues and actual revenues were as follows (in thousands):

<b>Revenue Source</b>	<b>Actual Revenues</b>	<b>Estimated Revenues</b>	<b>Difference</b>
Taxes	\$ 32,185	\$ 30,853	\$ 1,332
Investments	994	415	579
Intergovernmental Revenues	16,223	16,005	218

The increase in taxes was a result of transaction privilege taxes exceeding projection due to the positive local economy. The increased revenue in investments was a result of an increase in interest rates. Increased intergovernmental revenues was state shared funds higher than projected, also the result of the positive local economy.

Cost of programs and services were \$11.7 million less than revised fiscal year 2019 budget largely due to the following:

- Estimated increase in principal payments due to budgeted issuance of new debt. There was no new debt issued in year 2019.
- IT expenses in Administrative Services were less than projected due to the delay of the ERP Implementation start; and IT maintenance agreements were less than anticipated.
- Public Safety expenses were less than projected due to adjustments in accounting for pension costs of \$3.4 million.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019 and 2018, totaled to \$480.9 million and \$483.5 million, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, other improvements, water rights, machinery and equipment, park facilities, roads, and highways. The change in the City's capital assets (net of accumulated depreciation) between fiscal years 2019 and 2018 was a decrease of 0.5 percent.

**Capital Assets, Net of Depreciation  
June 30, 2019 and 2018  
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2019	2018	2019	2018	2019	2018	
Land	\$ 28,803	\$ 28,805	\$ 3,298	\$ 3,298	\$ 32,101	\$ 32,104	(0.0)%
Improvements to Land	13,396	14,222	-	-	13,396	14,222	(5.8)
Buildings, Structures and Improvements	17,496	18,674	17,420	18,166	34,917	36,841	(5.2)
Other Improvements	-	-	333,027	341,368	333,027	341,368	(2.4)
Equipment, Furniture & Fixtures	7,471	8,090	4,562	3,382	12,034	11,470	4.9
Construction in progress	4,535	2,423	1,346	5,054	5,880	7,478	(21.4)
Infrastructure	38,793	29,271	1,374	1,411	40,167	30,682	30.9
Water Allocation Rights	-	-	9,330	9,302	9,330	9,302	0.3
Total Capital Assets	<u>\$ 110,494</u>	<u>\$ 101,485</u>	<u>\$ 370,358</u>	<u>\$ 381,982</u>	<u>\$ 480,852</u>	<u>\$ 483,467</u>	

Major capital asset events completed during the current fiscal year included the following:

- Lake Havasu Avenue Reconstruction \$4 million – Multi-year project for the improvement of Lake Havasu Ave with new pavement, medians, water and sewer mains, and turn lane additions.
- Rotary and London Bridge Beach Parks Restroom Improvements \$1.6 million – Multi-year project to rehabilitate and increase the number of restroom facilities within the parks.
- Havasu 280 Riviera and Contact Point State Park Project \$1.7 million – Multi-year project to install roadway to the Havasu Riviera.

Additional information on the City's capital assets can be found in Note 3 A.3.

**Long-term Debt.** At the end of fiscal year 2019, the City had total bonded debt outstanding of \$239.6 million, a decrease of \$13.2 million (5.2 percent). At the end of fiscal year 2018, the bonded debt totaled \$252.8 million. Of the fiscal year 2019 total bonded debt, \$63.5 million is general obligation bonds backed by the full faith and credit of the government, \$98.3 million is revenue bonds pledging wastewater revenues for repayment, and \$60.0 million is in the form of loans from WIFA for loans associated with the water and wastewater systems.

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

State statutes impose debt limitations on the City of 6 percent and 20 percent of the outstanding limited property assessed valuation of the City. The City's available debt margin at June 30, 2019, is \$41.7 million in the 6 percent capacity and \$24.3 million in the 20 percent capacity. In fiscal year 2018, the 6 percent capacity limit was \$39.3 million and \$6.3 million in the 20 percent capacity limit. Additional information on the debt limitations and capacities may be found in the statistical section of this report.

In accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the City's proportionate share of its unfunded pension liabilities for pension plans in which it participates is also included in its outstanding long-term liabilities. The City's net pension liabilities at the end of fiscal years 2019 and 2018 were \$88.5 million and \$83.5 million, respectively. Additional information on the City's pensions can be found on pages 78 - 90.

In 2019, in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions, the City must also include other postemployment benefits in which it provides in its outstanding long-term liabilities. The City's other postemployment benefits at the end of fiscal year 2019 and 2018 were \$14.5 million and \$14.3 million, respectively. Additional information on the City's OPEB can be found on pages 92 -94.

Additional information on the City's capital leases and long-term bonds and loans can be found in Note 3.C and D. to the financial statements.

**Outstanding Obligations  
June 30, 2019 and 2018  
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2019	2018	2019	2018	2019	2018	
General Obligation Bonds	\$ -	\$ -	\$ 63,565	\$ 65,645	\$ 63,565	\$ 65,645	(3.2)
Revenue Bonds	6,331	12,614	98,300	98,300	104,631	110,914	(5.7)
Bond Premium	-	-	12,450	13,052	12,450	13,052	(4.6)
GADA Loan Payable	-	1,260	-	-	-	1,260	(100.0)
WIFA Loans Payable	-	-	58,990	61,969	58,990	61,969	(4.8)
Capital Leases	2,799	3,626	-	-	2,799	3,627	(22.8)
Compensated Absences	2,823	2,713	345	317	3,168	3,030	4.5
Landfill Closure and Postclosure Costs	-	-	3,480	3,342	3,480	3,342	4.1
Other Postemployment Benefits	11,133	10,989	3,356	3,322	14,489	14,311	1.2
<b>Total Long-term Liabilities</b>	<b>\$ 23,085</b>	<b>\$ 31,203</b>	<b>\$ 240,484</b>	<b>\$ 245,948</b>	<b>\$ 263,570</b>	<b>\$ 277,150</b>	

**LAKE HAVASU CITY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Economic Factors and Next Year's Budgets and Rates**

As noted in the above discussion and analysis, the financial results for the year ended June 30, 2019 continue to reflect positive trends in the local economy. The improvements in property tax, sales tax and certain growth-related revenues are projected to continue for fiscal year 2020 but at a slower pace, and combined with ongoing diligent management of City expenses, should result in the City again meeting our fund balance goals. Through these budget plans, City management and staff remain committed to providing Lake Havasu City citizens a high quality of service at a reasonable cost.

Highlights of the City's budget for the 2020 fiscal year include the following:

The 2020 combined budgets for operating and capital programs totals \$148.6 million, representing a \$4 million or 2.8 percent increase over the 2019 combined budget.

The primary revenue source, local tax, is budgeted at \$38.8 million, an increase of \$2.2 million, or 6.0 percent over the 2019 budget.

Utility rates remain unchanged; the budget for utilities revenues increased 3.7 percent from \$40.4 million to \$41.9 million for the 2020 budget year. Revenues in the Refuse Fund are budgeted to increase by 5.5 percent, but additional revenues are offset by the cost of an outside trash and recycling program.

The 2020 capital budget includes new and/or continuing projects totaling \$24.1 million, including projects for roads, parks, utilities and general public facilities.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

Administrative Services Department  
Lake Havasu City  
2330 McCulloch Blvd. N.  
Lake Havasu City, AZ 86403  
Telephone (928) 855-2116  
Fax (928) 855-0551  
Website: [www.lhcaz.gov](http://www.lhcaz.gov)



LAKE HAVASU CITY



## **BASIC FINANCIAL STATEMENTS**



LAKE HAVASU CITY

**LAKE HAVASU CITY, ARIZONA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 39,825,121	\$ 68,959,917	\$ 108,785,038
Restricted Cash	415,466	15,818,582	16,234,048
Receivables, Net			
Accounts Receivable	505,228	4,099,306	4,604,534
Property Taxes Receivable	59,609	139,774	199,383
Intergovernmental Receivable	4,750,795	2,377,099	7,127,894
Accrued Interest Receivable	86,484	203,321	289,805
Deposits Held by Others	3,137,737	-	3,137,737
Inventories	119,741	-	119,741
Prepaid Items	254,721	24,255	278,976
Other Assets	-	845,413	845,413
Net Pension OPEB Asset	342,287	13,207	355,494
Capital Assets:			
Non-Depreciable	33,338,419	12,139,466	45,477,885
Depreciable	77,155,571	358,218,169	435,373,740
Total Assets	<u>159,991,179</u>	<u>462,838,509</u>	<u>622,829,688</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources - Pension Liability	16,619,817	772,540	17,392,357
Deferred Outflows of Resources - Pension OPEB Liability	214,572	52,983	267,555
Deferred Outflows of Resources - OPEB Liability	532,721	156,068	688,789
Total Deferred Outflows of Resources	<u>17,367,110</u>	<u>981,591</u>	<u>18,348,701</u>
<b>LIABILITIES</b>			
Accounts Payable	2,145,176	1,404,738	3,549,914
Accrued Salaries and Fringes	1,762,445	221,078	1,983,523
Accrued Interest Payable	81,715	4,553,587	4,635,302
Intergovernmental Payable	318,034	120,916	438,950
Retainage Payable	607,137	256,002	863,139
Unearned Revenue	73,162	313,158	386,320
Performance Bonds Payable	206,617	-	206,617
Liabilities Payable from Restricted Assets	5,200	585,474	590,674
Noncurrent Liabilities			
Due Within One Year	9,963,328	5,615,209	15,578,537
Due in More Than One Year	96,772,400	239,859,343	336,631,743
Total Liabilities	<u>111,935,214</u>	<u>252,929,505</u>	<u>364,864,719</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources - Pension Liability	5,716,293	787,308	6,503,601
Deferred Inflows of Resources - Pension OPEB Liability	302,593	41,276	343,869
Deferred Inflows of Resources - OPEB Liability	308,586	39,681	348,267
Deferred Inflows of Resources - Bond Refinancing	-	1,524,129	1,524,129
Total Deferred Inflows of Resources	<u>6,327,472</u>	<u>2,392,394</u>	<u>8,719,866</u>
<b>NET POSITIONS</b>			
Net Investment in Capital Assets	99,783,955	134,618,689	234,402,644
Restricted for:			
Public Safety	340,387	-	340,387
Highways and Streets	3,462,848	-	3,462,848
OPEB Benefits	342,287	13,207	355,494
Other Purposes	441,779	-	441,779
Unrestricted	(45,275,653)	73,866,305	28,590,652
Total Net Positions	<u>\$ 59,095,603</u>	<u>\$ 208,498,201</u>	<u>\$ 267,593,804</u>

See accompanying Notes to Financial Statements.

**LAKE HAVASU CITY, ARIZONA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 16,231,859	\$ 4,192,315	\$ 1,146,689	\$ -
Public Safety	31,099,502	355,788	627,164	-
Highways and Streets	5,506,988	10,789	5,429,041	-
Culture and Recreation	3,119,629	1,003,937	16,530	-
Tourism and Promotion	2,438,028	-	-	-
Transportation Services	644,651	18,583	319,889	-
Interest on Long-term Debt	156,484	-	-	-
Total Governmental Activities	59,197,141	5,581,412	7,539,313	-
Business-Type Activities:				
Refuse	6,397,111	6,830,556	-	-
Irrigation and Drainage	11,471,349	10,849,791	-	2,189,436
Wastewater	26,016,553	23,014,325	-	634,885
Airport	1,875,148	504,332	-	308,794
Total Business-Type Activities	45,760,161	41,199,004	-	3,133,115
Total Primary Government	\$ 104,957,302	\$ 46,780,416	\$ 7,539,313	\$ 3,133,115
General Revenues:				
Taxes				
Sales Taxes				
Property Taxes				
Franchise Taxes				
Unrestricted State Revenue Sharing				
Unrestricted State Sales Tax Revenue Sharing				
Unrestricted Auto Lieu Tax Revenue Sharing				
Investment Earnings				
Gain/Loss on Disposal of Capital Assets				
Other				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Positions - Beginning, as Restated				
Net Positions - Ending				

See accompanying Notes to Financial Statements.

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (10,892,855)	\$ -	\$ (10,892,855)
(30,116,550)	-	(30,116,550)
(67,158)	-	(67,158)
(2,099,162)	-	(2,099,162)
(2,438,028)	-	(2,438,028)
(306,179)	-	(306,179)
(156,484)	-	(156,484)
(46,076,416)	-	(46,076,416)
-	433,445	433,445
-	1,567,878	1,567,878
-	(2,367,343)	(2,367,343)
-	(1,062,022)	(1,062,022)
-	(1,428,042)	(1,428,042)
(46,076,416)	(1,428,042)	(47,504,458)
25,600,426	20,545	25,620,971
4,738,836	5,693,531	10,432,367
1,920,789	-	1,920,789
6,589,165	35,000	6,624,165
5,478,702	-	5,478,702
3,614,782	-	3,614,782
1,213,816	2,736,835	3,950,651
337,401	-	337,401
-	235,595	235,595
8,550,633	(8,550,633)	-
58,044,550	170,873	58,215,423
11,968,134	(1,257,169)	10,710,965
47,127,469	209,755,370	256,882,839
\$ 59,095,603	\$ 208,498,201	\$ 267,593,804

**LAKE HAVASU CITY, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	<u>General</u>	<u>HURF</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>
<b>Assets</b>				
Cash and Investments	33,981,919	3,841,453	1,363,990	637,759
Restricted Cash	275,979	-	-	139,487
Receivables				
Accounts Receivable	465,228	-	-	40,000
Taxes Receivable	58,509	-	-	1,100
Intergovernmental Receivable	4,022,637	503,412	-	224,746
Interest Receivable	61,998	12,681	10,338	1,467
Due from Other Funds	172,878	-	-	-
Deposits Held by Others	3,137,737	-	-	-
Inventories	119,741	-	-	-
Prepaid Items	254,721	-	-	-
Total Assets	<u>\$ 42,551,347</u>	<u>\$ 4,357,546</u>	<u>\$ 1,374,328</u>	<u>\$ 1,044,559</u>
<b>Liabilities and Fund Balance</b>				
Liabilities				
Accounts Payable	1,051,067	481,475	559,441	\$ 53,193
Accrued Wages and Benefits	1,690,528	56,911	-	15,006
Interest Payable	81,715	-	-	-
Intergovernmental Payable	318,034	-	-	-
Due to Other Funds	-	-	-	172,878
Unearned Revenue	54,462	-	-	18,700
Retainage Payable	-	356,312	250,825	-
Performance Bonds Payable	206,617	-	-	-
Liabilities Payable from Restricted Assets	5,200	-	-	-
Total Liabilities	3,407,623	894,698	810,266	259,777
Fund Balances				
Nonspendable	374,462	-	-	-
Restricted	200,369	3,462,848	-	581,797
Assigned	4,049,451	-	564,062	202,985
Unassigned	34,519,442	-	-	-
Total Fund Balance	39,143,724	3,462,848	564,062	784,782
Total Liabilities and Fund Balance	<u>\$ 42,551,347</u>	<u>\$ 4,357,546</u>	<u>\$ 1,374,328</u>	<u>\$ 1,044,559</u>

See accompanying Notes to Financial Statements.

Totals

\$	39,825,121
	415,466
	505,228
	59,609
	4,750,795
	86,484
	172,878
	3,137,737
	119,741
	254,721
\$	<u>49,327,780</u>

\$	2,145,176
	1,762,445
	81,715
	318,034
	172,878
	73,162
	607,137
	206,617
	5,200
	<u>5,372,364</u>

	374,462
	4,245,014
	4,816,498
	<u>34,519,442</u>
	<u>43,955,416</u>
\$	<u>49,327,780</u>





LAKE HAVASU CITY

**LAKE HAVASU CITY, ARIZONA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

Total Fund Balances for Governmental Funds	\$ 43,955,416
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental Capital Assets	224,403,635
Less Accumulated Depreciation	(113,909,645)
Capital Assets Used in Governmental Activities	<u>110,493,990</u>
Net pension OPEB assets are not current financial resources and therefore are not reported in the governmental funds.	342,287
Deferred outflows relating to deferred amounts on pensions and OPEB are not financial resources; therefore are not reported in the funds.	
Deferred Outflows of Resources Related to Pensions	16,619,817
Deferred Outflows of Resources Related to Pension OPEB	214,572
Deferred Outflows of Resources Related to OPEB	532,721
Deferred inflows relating to pensions and OPEB represent a future acquisition of net position that is not reported in the funds.	
Deferred Inflows of Resources Related to Pensions	(5,716,293)
Deferred Inflows of Resources Related to Pension OPEB	(302,593)
Deferred Inflows of Resources Related to OPEB	(308,586)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Revenue Bonds	(6,331,000)
Capital Leases	(2,799,105)
Compensated Absences	(2,822,621)
Other Postemployment Benefits	(11,132,304)
Net Pension OPEB Liability	(127,468)
Net Pension Liability	<u>(83,523,230)</u>
Total Net Position of Governmental Activities	<u><u>\$ 59,095,603</u></u>

See accompanying Notes to Financial Statements.

**LAKE HAVASU CITY, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	<u>General</u>	<u>HURF</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>
Revenue				
Taxes				
Sales Taxes	\$ 25,600,426	\$ -	\$ -	\$ -
Property Taxes	4,663,797	-	-	75,039
Franchise Taxes	1,920,789	-	-	-
Intergovernmental Revenue	16,222,587	5,429,041	-	1,536,553
Fines and Forfeitures	1,379,444	-	-	81,026
Licenses and Permits	2,523,596	-	-	-
Charges for Services	1,262,243	-	-	-
Rents and Royalties	95,269	-	-	-
Contributions and Donations	33,781	-	-	-
Investment Earnings	993,642	182,282	13,047	24,845
Other	226,149	10,390	399	2,896
Total Revenue	<u>54,921,723</u>	<u>5,621,713</u>	<u>13,446</u>	<u>1,720,359</u>
Expenditures				
Current				
General Government	15,202,192	-	-	669,451
Public Safety	28,137,017	-	-	728,124
Highways and Streets	-	7,160,326	-	-
Culture and Recreation	3,043,090	-	-	-
Tourism and Promotion	2,438,028	-	-	-
Transportation Services	287,125	-	-	319,903
Debt Service				
Principal Retirement	7,543,000	-	-	-
Interest on Long-Term Debt	156,484	-	-	-
Capital Outlay	-	-	5,807,593	-
Total Expenditures	<u>56,806,936</u>	<u>7,160,326</u>	<u>5,807,593</u>	<u>1,717,478</u>
Excess (Deficiency) of Revenue Over Expenditures	(1,885,213)	(1,538,613)	(5,794,147)	2,881
Other Financing Sources (Uses)				
Transfers In	1,545,784	-	5,055,296	-
Transfers Out	(2,041,030)	-	-	(45,784)
Sale of Capital Assets	-	-	337,401	-
Total Other Financing Sources (Uses)	<u>(495,246)</u>	<u>-</u>	<u>5,392,697</u>	<u>(45,784)</u>
Net Change in Fund Balance	(2,380,459)	(1,538,613)	(401,450)	(42,903)
Fund Balance				
Beginning of Year, as restated	41,524,183	5,001,461	965,512	827,685
End of Year	<u>\$ 39,143,724</u>	<u>\$ 3,462,848</u>	<u>\$ 564,062</u>	<u>\$ 784,782</u>

See accompanying Notes to Financial Statements.

Totals

\$	25,600,426
	4,738,836
	1,920,789
	23,188,181
	1,460,470
	2,523,596
	1,262,243
	95,269
	33,781
	1,213,816
	<u>239,834</u>
	<u>62,277,241</u>

15,871,643  
28,865,141  
7,160,326  
3,043,090  
2,438,028  
607,028

7,543,000  
156,484  
5,807,593

71,492,333

(9,215,092)

6,601,080  
(2,086,814)  
337,401

4,851,667

(4,363,425)

48,318,841  
\$ 43,955,416

**LAKE HAVASU CITY, ARIZONA  
RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$ (4,363,425)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for Capital Assets	9,499,269
Less Current Year Depreciation	(4,524,547)
Excess Capital Expenditures Over Depreciation	4,974,722

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, and donations) to decrease net position.	4,034,333
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position.

Principal Payments on Long-term Debt	8,370,004
--------------------------------------	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net Increase in Compensated Absences	(109,589)
OPEB Expense	(82,532)
OPEB Pension Expense	(62,904)
Pension Expense	(8,553,835)

Current-year pension contributions are reclassified to deferred outflows of resources on the statement of activities, and are therefore not a reduction of net position.

Current Year Pension Contributions	7,667,692
Current Year OPEB Pension Contributions	93,668

Changes in Net Position of Governmental Activities	\$ 11,968,134
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**LAKE HAVASU CITY, ARIZONA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amount	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenue				
Taxes	\$ 30,852,841	\$ 30,852,841	\$ 32,185,012	\$ 1,332,171
Intergovernmental Revenue	16,005,000	16,005,000	16,222,587	217,587
Fines and Forfeitures	1,196,000	1,196,000	1,379,444	183,444
Licenses and Permits	2,644,000	2,644,000	2,523,596	(120,404)
Charges for Services	1,438,200	1,438,200	1,262,243	(175,957)
Rents and Royalties	98,000	98,000	95,269	(2,731)
Contributions and Donations	18,250	18,250	33,781	15,531
Investment Earnings	415,000	415,000	993,642	578,642
Other	137,000	137,000	226,149	89,149
Total Revenue	52,804,291	52,804,291	54,921,723	2,117,432
Expenditures				
Current				
General Government				
City Council	208,183	204,183	207,274	(3,091)
City Clerk	332,167	292,167	270,477	21,690
Magistrate Court	1,896,804	1,896,804	1,873,782	23,022
City Manager	235,101	235,101	230,900	4,201
Human Resources	481,678	468,178	431,228	36,950
Community Affairs	94,695	94,695	94,570	125
Administrative Services	3,024,039	3,008,279	2,530,479	477,800
City Attorney	885,987	915,987	909,656	6,331
Non-Departmental	2,241,591	2,301,591	2,152,235	149,356
Government - Outside Contracts	2,500	2,500	2,500	-
Operations	4,472,246	4,422,246	4,043,729	378,517
Vehicle Maintenance	594,292	594,292	537,351	56,941
Community Investment	2,018,681	2,017,981	1,918,011	99,970
Total General Government	16,487,964	16,454,004	15,202,192	1,251,812
Public Safety				
Police	16,154,610	16,154,610	15,402,486	752,124
Fire	13,202,410	13,202,410	12,734,531	467,879
Total Public Safety	29,357,020	29,357,020	28,137,017	1,220,003
Culture and Recreation				
Recreation Department	3,264,642	3,231,442	3,043,090	188,352
Tourism and Promotion				
Tourism/Economic Development	2,353,192	2,353,192	2,438,028	(84,836)
Transportation Services				
Havasu Mobility	276,223	277,473	287,125	(9,652)
Debt Service				
Principal Retirement	16,171,926	16,111,926	7,543,000	8,568,926
Interest on Long-Term Debt	472,651	472,651	156,484	316,167
Issuance Costs	200,000	200,000	-	200,000
Total Debt Service	16,844,577	16,784,577	7,699,484	9,085,093
Total Expenditures	68,583,618	68,457,708	56,806,936	11,650,772
Excess (Deficiency) of Revenue Over Expenditures	(15,779,327)	(15,653,417)	(1,885,213)	13,768,204
Other Financing Sources (Uses)				
Transfers In	1,558,000	1,726,551	1,545,784	(180,767)
Transfers Out	(4,800,250)	(4,800,250)	(2,041,030)	2,759,220
Issuance of Long-Term Debt	12,200,000	12,200,000	-	(12,200,000)
Total Other Financing Sources (Uses)	8,957,750	9,126,301	(495,246)	(9,621,547)
Net Change in Fund Balance	(6,821,577)	(6,527,116)	(2,380,459)	4,146,657
Fund Balance				
Beginning of Year, as Restated	37,548,000	37,548,000	41,524,183	3,976,183
End of Year	\$ 30,726,423	\$ 31,020,884	\$ 39,143,724	\$ 8,122,840

See accompanying Notes to Financial Statements.



LAKE HAVASU CITY



**LAKE HAVASU CITY, ARIZONA**  
**HURF FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amount	Variance
	Original	Final	Budgetary Basis	with Final Budget
Revenues				
Intergovernmental Revenue	\$ 4,987,518	\$ 4,987,518	\$ 5,429,041	\$ 441,523
Investment Earnings	24,000	24,000	182,282	158,282
Other	1,000	1,000	10,390	9,390
Total Revenue	5,012,518	5,012,518	5,621,713	609,195
Expenditures				
Current				
Highways and Streets	8,037,638	7,969,226	7,160,326	808,900
Excess (Deficiency) of Revenue Over Expenditures	(3,025,120)	(2,956,708)	(1,538,613)	1,418,095
Fund Balance				
Beginning of Year	4,708,000	4,708,000	5,001,461	293,461
End of Year	<u>\$ 1,682,880</u>	<u>\$ 1,751,292</u>	<u>\$ 3,462,848</u>	<u>\$ 1,711,556</u>

**LAKE HAVASU CITY, ARIZONA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2019**

	Business-Type Activities			Total Nonmajor Business-Type Activities
	Irrigation and Drainage	Wastewater	Refuse	
<b>Assets</b>				
Current Assets				
Cash and Cash Equivalents	\$ 42,739,965	\$ 22,004,082	\$ 4,157,120	\$ 58,750
Restricted Cash	628,967	15,164,886	-	24,729
Receivables, Net				
Accounts Receivable	1,148,897	2,299,754	631,326	19,329
Taxes Receivable	139,774	-	-	-
Intergovernmental Receivable	2,322,288	-	-	54,811
Interest Receivable	92,983	92,535	17,465	338
Prepaid Items	19,096	5,159	-	-
Other Assets	-	845,413	-	-
Total Current Assets	47,091,970	40,411,829	4,805,911	157,957
Noncurrent Assets				
Net Pension OPEB Asset	7,016	5,535	-	656
Capital Assets				
Non-Depreciable	9,477,297	1,965,835	-	696,334
Depreciable (Net)	71,913,686	272,388,516	-	13,915,967
Total Noncurrent Assets	81,397,999	274,359,886	-	14,612,957
Total Assets	128,489,969	314,771,715	4,805,911	14,770,914
<b>Deferred Outflows of Resources</b>	527,952	416,731	-	36,908
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable	376,700	457,340	506,404	64,294
Accrued Wages and Benefits	116,147	92,779	-	12,152
Intergovernmental Payable	120,607	309	-	-
Interest Payable	83,157	4,470,430	-	-
Retainage Payable	187,339	68,663	-	-
Unearned Revenue	302,435	348	-	10,375
Liabilities Payable from				
Restricted Assets	560,745	-	-	24,729
Compensated Absences	147,105	113,099	-	15,392
Other Postemployment Benefits	40,220	60,330	-	-
Bonds and Notes Payable	456,998	4,782,065	-	-
Total Current Liabilities	2,391,453	10,045,363	506,404	126,942
Noncurrent Liabilities				
Compensated Absences	37,006	28,452	-	3,872
Landfill Closure and Postclosure				
Care Costs	-	-	3,478,752	-
Other Postemployment Benefits	1,882,366	1,372,683	-	-
Net Pension OPEB Liability	10,057	7,935	-	940
Net Pension Liability	2,662,604	2,119,567	-	189,695
Bonds and Notes Payable	4,774,641	223,290,773	-	-
Total Noncurrent Liabilities	9,366,674	226,819,410	3,478,752	194,507
Total Liabilities	11,758,127	236,864,773	3,985,156	321,449
<b>Deferred Inflows of Resources</b>	463,273	1,897,032	-	32,089
<b>Net Position</b>				
Net Investment in Capital Assets	75,707,570	44,298,818	-	14,612,301
Restricted for OPEB Benefits	7,016	5,535	-	656
Unrestricted	41,081,935	32,122,288	820,755	(158,673)
Total Net Position	\$ 116,796,521	\$ 76,426,641	\$ 820,755	\$ 14,454,284

See accompanying Notes to Financial Statements.

Total  
Business-Type  
Activities

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\$ 68,959,917  
15,818,582

4,099,306  
139,774  
2,377,099  
203,321  
24,255

845,413  
92,467,667

13,207

12,139,466

358,218,169

370,370,842

462,838,509

981,591

1,404,738

221,078

120,916

4,553,587

256,002

313,158

585,474

275,596

100,550

5,239,063

13,070,162

69,330

3,478,752

3,255,049

18,932

4,971,866

228,065,414

239,859,343

252,929,505

2,392,394

134,618,689

13,207

73,866,305

\$ 208,498,201

**LAKE HAVASU CITY, ARIZONA**  
**STATEMENT REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	Business-Type Activities			Total Nonmajor Business-Type Activities
	Irrigation and Drainage	Wastewater	Refuse	
Operating Revenue				
Charges for Services	\$ 10,849,791	\$ 23,014,325	\$ 6,830,556	\$ 504,332
Total Operating Revenue	10,849,791	23,014,325	6,830,556	504,332
Operating Expenses				
Cost of Sales and Services	8,609,869	7,310,706	6,397,111	915,174
Depreciation	2,692,515	10,295,637	-	959,974
Total Operating Expenses	11,302,384	17,606,343	6,397,111	1,875,148
Operating Income (Loss)	(452,593)	5,407,982	433,445	(1,370,816)
Nonoperating Revenue (Expense)				
Taxes	5,693,531	-	-	20,545
Intergovernmental	35,000	-	-	-
Investment Earnings	1,493,868	1,055,538	182,811	4,618
Gain (Loss) on Sale of Capital Assets	5,000	(133,023)	-	-
Interest Expense	(168,965)	(8,243,251)	-	-
Issuance Costs	-	(38,936)	-	-
Other Income	100,440	95,585	-	39,570
Total Nonoperating Revenue (Expenses)	7,158,874	(7,264,087)	182,811	64,733
Income (Loss) Before Capital Contributions and Transfers	6,706,281	(1,856,105)	616,256	(1,306,083)
Capital Contributions	2,189,436	634,885	-	308,794
Transfers In	-	1,500,000	-	45,774
Transfers Out	(4,748,385)	(3,506,022)	(1,842,000)	-
Change in Net Position	4,147,332	(3,227,242)	(1,225,744)	(951,515)
Net Position				
Beginning of Year	112,649,189	79,653,883	2,046,499	15,405,799
End of Year	<u>\$ 116,796,521</u>	<u>\$ 76,426,641</u>	<u>\$ 820,755</u>	<u>\$ 14,454,284</u>

See accompanying Notes to Financial Statements.

Total Business-Type Activities	
\$	41,199,004
	<u>41,199,004</u>
	23,232,860
	<u>13,948,126</u>
	<u>37,180,986</u>
	4,018,018
	5,714,076
	35,000
	2,736,835
	(128,023)
	(8,412,216)
	(38,936)
	<u>235,595</u>
	<u>142,331</u>
	4,160,349
	3,133,115
	1,545,774
	<u>(10,096,407)</u>
	(1,257,169)
	<u>209,755,370</u>
\$	<u><u>208,498,201</u></u>

**LAKE HAVASU CITY, ARIZONA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	Business-Type Activities – Enterprise Funds			Total Nonmajor Business-Type Activities
	Irrigation and Drainage	Wastewater	Refuse	
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers	\$ 11,006,214	\$ 23,314,282	\$ 6,796,757	\$ 499,618
Payments to Suppliers	(6,947,455)	(5,232,464)	(6,247,906)	(551,966)
Payments to Employees	(2,987,412)	(2,554,858)	-	(261,535)
Other Nonoperating Receipts	135,440	95,585	-	60,115
Customer Deposits (Payments)	(12,970)	-	-	84
Net Cash Flows from (Used by) Operating Activities	1,193,817	15,622,545	548,851	(253,684)
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers In	-	1,500,000	-	45,774
Transfers Out	(3,619,600)	(598,440)	(1,842,000)	-
Tax Receipts	5,701,213	-	-	-
Net Cash Flows from (Used by) Noncapital Financing Activities	2,081,613	901,560	(1,842,000)	45,774
<b>Cash Flows from Capital and Related Financing Activities</b>				
Capital Grants and Contributions	1,995,615	634,885	-	1,023,876
Purchases of Capital Assets	(3,529,904)	(2,429,024)	-	(836,189)
Principal Paid on Capital Debt	(442,911)	(4,616,759)	-	-
Interest Paid on Capital Debt	(176,008)	(9,022,770)	-	-
Proceeds from Sale of Capital Assets	5,000	-	-	-
Net Cash Flows from (Used by) Capital and Financing Activities	(2,148,208)	(15,433,668)	-	187,687
<b>Cash Flows from Investing Activities</b>				
Interest and Dividends	1,474,941	1,047,504	179,935	4,701
<b>Net Change in Cash and Cash Equivalents</b>	2,602,163	2,137,941	(1,113,214)	(15,522)
<b>Cash and Cash Equivalents - Beginning of Year</b>	40,766,769	35,031,027	5,270,334	99,001
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 43,368,932</u>	<u>\$ 37,168,968</u>	<u>\$ 4,157,120</u>	<u>\$ 83,479</u>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and Investments	\$ 42,739,965	\$ 22,004,082	\$ 4,157,120	\$ 58,750
Restricted Cash and Investments	628,967	15,164,886	-	24,729
<b>Total Cash and Cash Equivalents</b>	<u>\$ 43,368,932</u>	<u>\$ 37,168,968</u>	<u>\$ 4,157,120</u>	<u>\$ 83,479</u>

See accompanying Notes to Financial Statements.

Total  
Business-Type  
Activities -  
Enterprise Funds

\$ 41,616,871  
(18,979,791)  
(5,803,805)  
291,140  
(12,886)  
  
17,111,529

1,545,774  
(6,060,040)  
5,701,213  
  
1,186,947

3,654,376  
(6,795,117)  
(5,059,670)  
(9,198,778)  
5,000  
  
(17,394,189)

2,707,081

3,611,368  
  
81,167,131

\$ 84,778,499

\$ 68,959,917  
15,818,582  
\$ 84,778,499

**LAKE HAVASU CITY, ARIZONA**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	Business-Type Activities – Enterprise Funds			Total Nonmajor Business-Type Activities
	Irrigation and Drainage	Wastewater	Refuse	
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities				
Operating Income (Loss)	\$ (452,593)	\$ 5,407,982	\$ 433,445	\$ (1,370,816)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from (Used by) Operating Activities				
Depreciation	2,692,515	10,295,637	-	959,974
Other Nonoperating Receipts (Expenses)	135,440	95,585	-	60,115
Change in Assets/Liabilities:				
Receivables, Net	77,861	300,048	(33,799)	(5,448)
Prepaid Items	69,753	53,781	-	6,081
OPEB Asset	4,041	3,668	-	13
Accounts Payable	(1,217,148)	(300,041)	12,900	64,294
Intergovernmental Payable	(21,888)	(3,958)	-	-
Accrued Wages and Benefits	10,174	17,112	-	6,053
Compensated Absences	8,432	7,937	-	11,761
Unearned Revenue	78,562	(91)	-	734
Customer Deposits Payable	(12,970)	-	-	84
Pension and OPEB Liability	(440,346)	(469,450)	-	(129)
Deferred Outflows of Resources - Pension and OPEB	30,433	35,105	-	(6,271)
Deferred Inflows of Resources - Pension and OPEB	231,551	179,230	-	19,871
Landfill Closure and Postclosure Care Costs	-	-	136,305	-
Net Cash from (Used by) Operating Activities	<u>1,193,817</u>	<u>\$ 15,622,545</u>	<u>\$ 548,851</u>	<u>\$ (253,684)</u>

**Noncash Investing, Capital and Financing Activities**

Other costs of \$38,936, deferred amount on refunding of \$95,258 and premiums of \$602,358 were amortized in the Wastewater Fund during the year.

See accompanying Notes to Financial Statements.



Total  
Business-Type  
Activities -  
Enterprise Funds

\$ 4,018,018

13,948,126  
291,140

338,662  
129,615  
7,722  
(1,439,995)  
(25,846)  
33,339  
28,130  
79,205  
(12,886)  
(909,925)

59,267

430,652

136,305

\$ 17,111,529



LAKE HAVASU CITY

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lake Havasu City, Arizona (City) was incorporated in 1978. The City operates under a council-manager form of government and provides services as authorized by Title 9, Arizona Revised Statutes including: public safety (police and fire), highway and streets, culture and recreation, planning and zoning, and general administrative services.

The accompanying financial statements of Lake Havasu City, Arizona have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

A summary of the City's more significant accounting policies follows.

**A. Reporting Entity**

The City is a municipal government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the city's operations.

The City has blended the following entities into its Comprehensive Annual Financial Report:

**1. Irrigation and Drainage District (District)**

The City has a legally mandated status as Trustee over the Irrigation and Drainage District as a result of the City's alternative method of incorporation in 1978 under a special Arizona law. The District was established in 1963 to build infrastructure and construct a water system. The members of the City Council are the District's board members and have the ability to significantly influence operations.

**2. Improvement Districts No. 2 and 4**

The City has two improvement districts that were created to fund maintenance and improvements for specific property owners. Financing is provided through the assessment of property taxes. The members of the City Council are the Improvement Districts' board members and have the ability to significantly influence operations.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

**3. Metropolitan Planning Organization**

The City has an intergovernmental agreement with the organization to provide support services to account for federal grants providing leadership and guidance for regional transportation planning. Members of the City Council are appointed to the board and hold three of the five board seats and have the ability to significantly influence operations.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. Governmental activities, which are normally supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term interest due early in the following year, the expenditures have been recognized in the current year in the Debt Service Fund.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *HURF Fund* accounts for the operations of the street maintenance department. Financing is provided by the City's share of gasoline taxes.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

The government reports the following major proprietary funds:

The *Irrigation and Drainage District Fund* accounts for the activities of the Irrigation and Drainage District, a blended component unit of the City. The District operates the City's water system and storm drainage system.

The *Wastewater Fund* accounts for the activities of the City's sewer system.

The *Refuse Fund* accounts for the activities of the City's waste management system.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for the enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use for governmental activities, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. For business-type activities, the use of restricted resources is governed by the applicable bond covenants.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**

**1. Deposits and Investments**

On the City's Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, demand deposits, investments held by the State Treasurer and government securities held in a third-party safekeeping custody account.

Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances.

Arizona Revised Statute, Title 35, allows public monies to be invested with maturities of five years for nonoperating funds and a duration of no longer than three years for operating funds. The City's investment policy is empowered by state statute to invest in demand deposits, obligations of U.S. government, its instrumentalities, A-1/P-1 rated commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool. The primary objectives in priority order of the City's investment activities shall be safety, liquidity, and yield. Investments in LGIP are stated at fair value which also approximates the value of the investments upon withdrawal.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**2. Receivables**

All trade and property taxes receivable are shown net of an allowance for uncollectible.

Mohave County levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

**3. Short-Term Interfund Receivables/Payables**

During the course of operations, individual funds within the City's pooled cash accounts may borrow money from the other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

**4. Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the weighted average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**5. Restricted Assets**

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Customer deposits are also restricted.



**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**6. Capital Assets**

Capital assets, which include land, improvements to land, buildings and building improvements, furniture, machinery, equipment, vehicles, intangibles (e.g., water rights, software) and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements	40
Water Rights	40
Improvements Other Than Buildings	10-20
Infrastructure	40-50
Furniture, Machinery and Equipment	3-10
Vehicles	3-10

**7. Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

All benefit eligible employees accrue Paid Time Off (PTO) to be used for vacation and personal leave. The maximum PTO leave carry forward for all regular and probationary employees is 478 hours or 672 hours for Fire employees working 24-hour shifts. Hours accrued in excess of the maximum will be forfeited if not used by January 1 of each calendar year. The value of the forfeited hours, to a maximum of 48 hours annually for regular employees and 72 hours annually for Fire shift employees, will be automatically contributed to a retiree health savings account annually in January.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**9. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**10. Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**11. Net Position**

In the government-wide and proprietary fund financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets is separately reported because capital assets make up a significant portion of total net position. Restricted net position accounts for the portion of net position restricted by parties outside the City. Unrestricted net position is the remaining net position not included in the previous two categories.

**12. Fund Balance**

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned. Nonspendable and Restricted fund balance represent restricted classifications and Committed, Assigned, and Unassigned represent unrestricted classifications.

Nonspendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) it is legally or contractually required to be maintained intact. Restricted fund balance includes amounts that have externally (outside the City) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation. Committed fund balance is from self-imposed limitations imposed at the highest level of decision-making authority, namely, Mayor and Council. Mayor and Council approval is required to commit resources or to rescind the commitment through formal action by City Council. Assigned fund balance represents limitations imposed by City Council, City Manager, or designee, through approval for contract execution.

Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent before unassigned amounts.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)**

**12. Fund Balance (Continued)**

The City approved a Fiscal Sustainability Policy in August 2007 which requires the City to maintain a General Fund reserve of 10% based on the average actual General Fund revenues for the preceding five fiscal years. The City will maintain a fund balance reserve of 5% of the average actual revenues for the preceding five fiscal years in the IDD Fund, Wastewater Fund, and HURF Fund. These funds will not be appropriated except to cover emergencies and unexpected declines in revenue in the following budget year and must be replenished within three fiscal years following the fiscal year in which the event occurred.

As of June 30, 2019, the governmental fund balance details by classification are listed below:

	General Fund	HURF	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 119,741	\$ -	\$ -	\$ -	\$ 119,741
Prepaid Expenditures	254,721	-	-	-	254,721
Total Nonspendable	374,462	-	-	-	374,462
Restricted:					
Highway User Tax for					
Transportation	-	3,462,848	-	-	3,462,848
Public Safety Special Programs	200,369	-	-	140,018	340,387
Court Enhancement	-	-	-	413,568	413,568
Improvement Districts	-	-	-	28,211	28,211
Total Restricted	200,369	3,462,848	-	581,797	4,245,014
Assigned:					
Capital Lease	755,805	-	-	-	755,805
Operating Lease	105,502	-	-	-	105,502
Court Services	50,407	-	-	-	50,407
Public Safety Retirement Payments	3,137,737	-	-	-	3,137,737
Public Safety Special Programs	-	-	-	202,985	202,985
Capital Projects	-	-	564,062	-	564,062
Total Assigned	4,049,451	-	564,062	202,985	4,816,498
Unassigned:	34,519,442	-	-	-	34,519,442
Total Fund Balances	<u>\$ 39,143,724</u>	<u>\$ 3,462,848</u>	<u>\$ 564,062</u>	<u>\$ 784,782</u>	<u>\$ 43,955,416</u>

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. State law requires that, prior to April 1, the Economic Estimates Commission provide the City with a final expenditure limit for the coming fiscal year. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the state each year. This report, issued under a separate cover, reconciles total City expenditures from the audited basic financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. Expenditures may not legally exceed the expenditure limitation described above of all fund types as a whole. The City adopts a budget by department for the General Fund and in total by fund for other funds, which is the legal level of budgetary control for these funds, except for the Metropolitan Planning Organization Fund which was not budgeted. The City Manager may at any time transfer any unencumbered appropriation balance or portion thereof within a department or activity. The adopted budget cannot be amended without City Council approval.
5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service, and Capital Projects Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Cities and Towns. This law does not permit the City to spend more than budgeted revenues plus the carryover unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

On January 8, 2019, the City Council authorized budgetary amendments involving the General, Wastewater, Capital Projects Fund, and Improvement District #4 funds.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Deposits and investments at June 30, 2019 consist of the following:

Deposits	
Cash on Hand	\$ 8,900
Cash in Bank	3,243,770
Cash on Deposit with County Treasurer	207,709
Investments	
State Treasurer's Investment Pool (LGIP)	23,547,725
U.S. Government Securities	69,345,464
Certificates of Deposit	15,765,703
Money Market	<u>12,899,815</u>
Total Deposits and Investments	125,019,086
Restricted Assets	<u>(16,234,048)</u>
Total Cash and Investments	<u><u>\$ 108,785,038</u></u>

**Investments**

The City's Investment Policy, adopted on July 10, 2002 and updated October 11, 2011, authorizes the City to invest in obligations of the United States Treasury and United States Agencies, certificates of deposit in eligible depositories, Banker's Acceptances, repurchase agreements, money market funds, or any obligations guaranteed by the United States of America or any of its agencies as well as commercial paper rated in the highest tier by a nationally recognized rating agency. The City is also empowered to invest, by resolution, in the State of Arizona Local Government Investment Pool (LGIP).

The State Investment Board provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of participant's position in the pool approximates the value of that participant's pool shares. The shares are not identified with specific investments and are not subject to custodial credit risk. All other investments of the City are uninsured and unregistered with the securities held by the counterparty's trust department of agent in the City's name.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**Investments (Continued)**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

Level I – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level II – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level III – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Debt securities classified in Level 2 are valued using quoted prices for similar securities in active markets.

Investments valued using the net asset value (NAV) per share (or its equivalent) are City investments in the Arizona State Treasurer's Investment Pool (LGIP) and unlike more traditional investments, generally do not have readily obtainable market values. Investments valued at NAV utilized Net Asset Values as provided by the State of Arizona Treasurer's Office at June 30 2019.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**Investments (Continued)**

At year-end, the City's investments consisted of the following:

	6/30/2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Observable Inputs (Level III)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasury Bonds	\$ 7,433,815	\$ 7,433,815	\$ -	\$ -
Federal Agency Bonds	61,911,649	-	61,911,649	-
Total Debt Securities	69,345,464	7,433,815	61,911,649	-
Certificates of Deposits	15,765,703	-	15,765,703	-
Total Investments by Fair Value Level	85,111,167	<u>\$ 7,433,815</u>	<u>\$ 77,677,352</u>	<u>\$ -</u>
Investments Measured at Fair Value				
State Treasurer's Investment Pool	23,547,725			
Total Investments Measured at Fair Value	108,658,892			
Investments by Amortized Cost				
Money Market Funds	12,899,815			
Total Investments	<u>\$ 121,558,707</u>			

**Interest Rate Risk**

Interest rate risk is defined as the possibility of a reduction in the value of a security, especially a bond, resulting from a rise in interest rates. This risk can be reduced by diversifying the durations of the fixed-income investments that are held at a given time. As a means of limiting its exposure of fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of five years.

The City's investments at June 30, 2019 consist of the following:

Investment	Amount	Investment Maturities (in Years)		
		Less than 1	1-3	4-5
State Treasurer's Investment Pools	\$ 23,547,725	\$ 23,547,725	\$ -	\$ -
Certificates of Deposit	15,765,703	1,743,050	10,480,750	3,541,903
Money Market	12,899,815	12,899,815	-	-
U.S. Treasury Notes	7,433,815	1,492,095	5,941,720	-
U.S. Government Securities	61,911,649	15,945,520	37,895,629	8,070,500
Total Investments	<u>\$ 121,558,707</u>	<u>\$ 55,628,205</u>	<u>\$ 54,318,099</u>	<u>\$ 11,612,403</u>



**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**Credit Risk**

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to invest in securities with the highest rating issued by NRSROs. Presented below is the rating as of June 30, 2019 for each investment type.

S&P Ratings Investment Type	Total	AAA	AA+	AA-	Not Rated	Investment Percent
State Treasurer's Investment						
Pools	\$ 23,547,725	\$ 5,382,678	\$ -	\$ 18,165,047	\$ -	19 %
Certificates of Deposit	15,765,703	-	-	-	15,765,703	13
Money Market	12,899,815	-	-	-	12,899,815	11
U.S. Treasury Notes	7,433,815	-	7,433,815	-	-	6
U.S. Government Securities	61,911,649	-	61,911,649	-	-	51
Total Investments	<u>\$ 121,558,707</u>	<u>\$ 5,382,678</u>	<u>\$ 69,345,464</u>	<u>\$ 18,165,047</u>	<u>\$ 28,665,518</u>	<u>100 %</u>

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2019, the City's deposits were covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name. No deposits were exposed to custodial credit risk.

The custodial credit risk for investments is the risk that, in the event of default by the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by the City be conducted on a delivery-versus-payment basis. Securities are held by a third-party custodian.

The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

The City's investment in U.S. Government securities was rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**Concentration of Credit Risk**

The City's Investment Policy states that the City shall diversify its investments by security type and institution. With the exception of U. S. Treasury securities, authorized pools, and overnight repurchase agreements, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

**2. Restricted Assets**

Restricted assets at June 30, 2019 consisted of the following:

Customer Deposits	\$ 585,474
Performance Bonds Deposits	206,617
Court Bonds	50,407
Forfeitures and Police Property Evidence	158,442
Future Debt Service	15,233,108
Total	<u>\$ 16,234,048</u>

**3. Capital Assets**

Capital assets activity for the year ended June 30, 2019 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 28,805,342	\$ -	\$ (2,034)	\$ -	\$ 28,803,308
Construction in Progress	2,423,166	8,456,461	(10,380,883)	4,036,367	4,535,111
Total Capital Assets, Not Being Depreciated	31,228,508	8,456,461	(10,382,917)	4,036,367	33,338,419
Capital Assets, Being Depreciated:					
Buildings and Improvements	37,514,045	-	-	-	37,514,045
Improvements to Land	21,032,715	-	-	(232,398)	20,800,317
Infrastructure	93,184,111	10,855,432	-	232,398	104,271,941
Furniture, Machinery and Equipment	28,378,358	568,259	(445,815)	(21,889)	28,478,913
Total Capital Assets, Being Depreciated	180,109,229	11,423,691	(445,815)	(21,889)	191,065,216
Accumulated Depreciation for:					
Buildings and Improvements	(18,840,431)	(1,177,869)	-	-	(20,018,300)
Improvements to Land	(6,810,299)	(593,609)	-	-	(7,403,908)
Infrastructure	(63,913,257)	(1,565,806)	-	-	(65,479,063)
Furniture, Machinery and Equipment	(20,288,815)	(1,187,263)	445,815	21,889	(21,008,374)
Total Accumulated Depreciation	(109,852,802)	(4,524,547)	445,815	21,889	(113,909,645)
Total Capital Assets, Being Depreciated, Net	70,256,427	6,899,144	-	-	77,155,571
Governmental Activities Capital Assets, Net	<u>\$ 101,484,935</u>	<u>\$ 15,355,605</u>	<u>\$ (10,382,917)</u>	<u>\$ 4,036,367</u>	<u>\$ 110,493,990</u>

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Capital Assets (Continued)**

Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 3,298,415	\$ -	\$ -	\$ -	\$ 3,298,415
Water Allocation Rights	7,407,402	87,602	-	-	7,495,004
Construction in Progress	5,054,202	4,410,791	(4,082,579)	(4,036,367)	1,346,047
Total Capital Assets, Not Being Depreciated	15,760,019	4,498,393	(4,082,579)	(4,036,367)	12,139,466
Capital Assets, Being Depreciated:					
Buildings and Improvements	28,269,202	17,821	-	-	28,287,023
Other Improvements	501,943,784	4,182,579	(133,023)	-	505,993,340
Infrastructure	1,467,225	-	-	-	1,467,225
Machinery, Equipment and Vehicles	9,604,516	1,876,560	(52,862)	21,889	11,450,103
Water Allocation Rights	2,374,554	-	-	-	2,374,554
Total Capital Assets, Being Depreciated	543,659,281	6,076,960	(185,885)	21,889	549,572,245
Accumulated Depreciation for:					
Buildings and Improvements	(10,103,063)	(764,196)	-	-	(10,867,259)
Other Improvements	(160,575,018)	(12,391,683)	-	-	(172,966,701)
Infrastructure	(56,257)	(36,923)	-	-	(93,180)
Machinery, Equipment and Vehicles	(6,222,727)	(695,960)	52,862	(21,889)	(6,887,714)
Water Allocation Rights	(479,858)	(59,364)	-	-	(539,222)
Total Accumulated Depreciation	(177,436,923)	(13,948,126)	52,862	(21,889)	(191,354,076)
Total Capital Assets, Being Depreciated, Net	366,222,358	(7,871,166)	(133,023)	-	358,218,169
Business-Type Activities Capital Assets, Net	<u>\$ 381,982,377</u>	<u>\$ (3,372,773)</u>	<u>\$ (4,215,602)</u>	<u>\$ (4,036,367)</u>	<u>\$ 370,357,635</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General Government	\$ 1,561,278
Public Safety	912,323
Highways and Streets	1,697,201
Culture and Recreation	316,122
Transportation Services	37,623
Total Depreciation Expense	<u>\$ 4,524,547</u>

Business-Type Activities:

Irrigation and Drainage	2,692,515
Wastewater	10,295,637
Airport	959,974
Total Depreciation Expense	<u>\$ 13,948,126</u>

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**4. Construction Commitments**

The City had active construction projects at June 30, 2019. The projects include various infrastructure projects, water system upgrades, wastewater system upgrades and park improvements. At fiscal year end the City's commitments with contractors were as follows:

Governmental Activities		
Project	Spent-to-date	Remaining Commitment
Parks	\$ 2,220,687	\$ 49,533
Public Safety - Police/Fire	-	15,730
Highways and Streets	4,220,304	89,141
Total Governmental Activities	<u>\$ 6,440,991</u>	<u>\$ 154,404</u>
Business-Type Activities		
Project	Spent-to-date	Remaining Commitment
Water System	\$ 1,264,686	\$ 773,341
Wastewater System	33,137	50,651
Total Business-Type Activities	<u>\$ 1,297,823</u>	<u>\$ 823,992</u>

**B. Interfund Receivables, Payables and Transfers**

As of June 30, 2019 interfund receivables and payables were as follows:

	Due From Nonmajor Governmental Funds
Due To General Fund	<u>\$ 172,878</u>

The above interfund receivables and payables reflect short-term loans from the General Fund to the Grants Fund, CDBG/Home Fund, and Metropolitan Planning Organization Fund for negative ending cash balances.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Interfund Receivables, Payables and Transfers (Continued)**

Interfund transfers for the year ended June 30, 2019 consisted of the following:

Transfers to	Transfers From					Total
	General Fund	Nonmajor Governmental Funds	Irrigation & Drainage	Wastewater	Refuse	
General Fund	\$ -	\$ 45,784	\$ 1,500,000	\$ -	\$ -	\$ 1,545,784
Capital Projects	1,995,256	-	619,600	598,440	1,842,000	5,055,296
Wastewater	-	-	1,500,000	-	-	1,500,000
Nonmajor Business-Type Activities	45,774	-	-	-	-	45,774
Total	<u>\$ 2,041,030</u>	<u>\$ 45,784</u>	<u>\$ 3,619,600</u>	<u>\$ 598,440</u>	<u>\$ 1,842,000</u>	<u>\$ 8,146,854</u>

Transfers were made for general operating purposes and to fund capital projects within the various funds.

The principal purposes for the significant transfers, which are not routine, are:

- From the Irrigation & Drainage District Fund to the Wastewater Fund: \$1,500,000 as a matter of City policy for the purpose of having all citizens of the City who benefit from the Wastewater project, also share in its costs.

In addition, the City transferred \$4,036,367 of capital assets from its Business-Type Activities to its Governmental Activities.

**C. Obligations Under Leases**

The City has entered into lease agreements as a lessee for financing the acquisition of equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes and; therefore, have been recorded at the present value of their future minimum lease payments as of the inception date providing they meet the capitalization threshold.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Vehicles, Equipment, and Facility Improvements	\$ 5,743,344
Less Accumulated Depreciation	(745,601)
Total	<u>\$ 4,997,743</u>

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Obligations Under Leases (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2020	\$ 755,805
2021	755,805
2022	755,805
2023	523,431
2024	145,529
Total Minimum Lease Payments	2,936,375
Less: Amount Representing Interest	(137,270)
Present Value of Minimum Lease Payments	<u>\$ 2,799,105</u>

**D. Long-Term Obligations**

The City has long-term bonds and loans payable issued to provide funds for the acquisition and construction of major capital facilities. The City has also issued debt to refund earlier obligations with higher interest rates. The debt is being repaid by the Debt Service, Irrigation and Drainage and Wastewater Funds. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund. Capital leases are paid by the applicable fund where the vehicles and equipment purchased will be used, primarily the General Fund, IDD Fund, Wastewater Fund, and Airport Fund. The City's pension liability and other postemployment benefits (OPEB) are paid by the applicable fund for each employee, primarily the General Fund.

The City has pledged revenue derived from an annual assessment and levy of taxes upon the real property of the Irrigation and Drainage District to repay \$4,120,000 at 6.625% in refunding bonds issued February 1993. Proceeds of the bonds were used to advance refund all of the District's outstanding bonds and payment of the costs of issuance of the Series 1993 bonds. The bonds are payable solely from tax assessments on the property owners and are payable through fiscal year 2023. The total principal and interest remaining to be paid on the bonds is \$46,625. Principal and interest paid for the current year and total assessed taxes were \$10,000 and \$2,650, respectively.

The City has pledged future revenues of the wastewater system, net of operation expenses, to repay \$71,775,000 plus interest at 3.0% - 5.0% in refunding bonds issued September 2015. If net revenues are insufficient to provide for debt service payments, the City has pledged and granted a lien on and will levy on all of the taxable property in the City a direct, ad valorem tax sufficient with the net revenues through 2037. The City has pledged future revenues of the wastewater system, net of operation expenses, to repay \$98,300,000 plus interest at 4.0 - 5.0% through 2045 for refunding bonds issued September 2015. Proceeds of the \$98,300,000 series 2015B revenue bonds, along with the \$71,775,000 Series 2015A proceeds and the proceeds of the \$60,269,432 2015 WIFA loan were used for a current refunding of all remaining Wastewater debt, totaling \$245,164,587.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

The City has pledged future revenues of the wastewater system, net of operation expenses to repay \$60,269,432 plus interest at 2.368% in refunding bonds issued September 2015 plus new money of \$1,300,000 to construct an expansion of the basin and suction line of the Mulberry Wastewater Treatment Plant reuse pump station. If net revenues are insufficient to provide for debt service payments, the City has pledged and granted a lien on and will levy on all of the taxable property in the City a direct, ad valorem tax sufficient with the net revenues through 2037. Proceeds of the loan, along with the \$71,775,000 Series 2015A proceeds and the proceeds of the \$98,300,000 Series 2015B were used for a current refunding of all remaining Wastewater debt, totaling \$245,164,587.

Loan covenants on the Wastewater debt (Series 2015A, 2015B and the WIFA loan) require the City to maintain 120% coverage of net revenues to current year debt service payments. Loan covenants also required the City to establish a Rate Stabilization Fund with a trustee in the amount of \$4,500,000 to ensure loan covenant requirements are met. Total principal and interest remaining to be paid on the Series 2015A \$99,994,625, Series 2015B \$206,233,500, and WIFA \$68,523,747. Principal and interest (excluding amortized premium) paid for the current year and total customer net revenues were \$13,557,626 and \$21,354,742, respectively. Debt coverage on the Senior Lien debt is 1.58.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$8,922,300 in authorized water system loans from the WIFA issued June 2007 (\$5,700,000) at 3.504% and July 2010 (\$11,400,000) at 2.775%. Proceeds from the loans provided financing for construction of water service line replacement and water main line replacement within the Wastewater System Expansion Program. The loans are payable solely from water customer net revenues and are payable through 2031 with the exception of \$8,177,700, which was principal paid directly to WIFA with Federal funds. Total principal and interest remaining to be paid on the WIFA loans is \$5,986,955. Principal and interest paid for the current year and total customer net revenues were \$599,267 and \$3,869,230, respectively. Loan covenants require the City to maintain 1.2 times coverage of net revenues to current year debt service payments. Debt coverage to current year debt service payments is 6.46.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3   DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

The City has pledged future excise tax revenues, which include the City's sales and transaction privilege, franchise taxes, all license and permit fees and fines and forfeitures to repay \$2,615,000 at 4.50% in governmental excise tax revenue obligations in the form of a loan from GADA issued in April 2008. Proceeds of the loan were used to purchase a parcel of land from the Arizona State Land Department for the Freedom Bridge (the second bridge to the Island). The loan is payable solely from excise taxes and is payable through 2024. Loan covenants require the City to maintain 1.25 times coverage of excise tax revenues to current year debt service payments. On July 2, 2018 the City exercised the call provision on GADA Infrastructure Revenue Bonds, Series 2008A and paid the remaining outstanding principal of \$1,260,000 and accrued interest of \$28,056.

For the year ended June 30, 2018, the City has pledged future excise tax revenues, which includes local sales tax, to repay \$12,614,000 in excise tax revenue refunding bonds. Proceeds from the issuance of the Excise Tax Revenue Bonds were used to finance the prepayment of the City's Arizona Public Safety Personnel Retirement System pension expenditures for the fiscal year 2018 and 2019. Total remaining principal and interest required on the bonds is \$6,342,765, payable through 2020. Principal and interest paid for the current year and total customer net revenues were \$6,435,955 and \$25,375,655, respectively. Debt coverage of net revenues to current year debt service payments is 3.94.



**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

Long-Term Obligations are comprised of the following:

**Classified in Governmental Activities on the Government-wide Financial Statements:**

	Long-Term Obligations Outstanding (in Thousands)
<u>Revenue Bonds</u>	
Excise Tax Revenue Obligations, Series 2017 (issued November 30, 2017) due in annual installments of \$6,283,000 on 8/1/18 and \$6,331,000 on 8/1/19; interest at 2.23%. Original issue amount \$12,614,000.	\$ 6,331
Total General Governmental Activities Long Term Obligations	<u>\$ 6,331</u>

**Classified in the Business-Type Activities on the Government-wide Financial Statements:**

	Long-Term Obligations Outstanding (in Thousands)
<u>General Obligation Bonds</u>	
1993 IDD Refunding Bonds (issued February 1, 1993) due in annual installments of \$10,000 to \$150,000 through July 1, 2022; interest at 6% to 6.625%. Original issue amount \$4,120,000.	\$ 40
2015 Senior Lien Wastewater Revenue Refunding Bonds, Series 2015 A (issued September 15, 2015) due in annual installments of \$755,000 to \$8,575,000 through July 1, 2037; interest at 4% to 5%. Original issue amount \$71,775,000.	63,525
<u>Revenue Bonds</u>	
Senior Lien Wastewater Revenue Bonds, Series 2015 B (issued September 15, 2015) due in annual installments of \$8,245,000 to \$13,160,000; interest at 4% to 5%. Original issue amount \$98,300,000.	98,300
<u>Water Infrastructure Financing Authority (WIFA) Loans</u>	
2007 SR Drinking Water (issued June 25, 2007) due in annual installments of \$201,475 to \$387,621 through July 1, 2027; interest at 3.504%. Original issue amount \$5,700,000.	3,052
2010 SR Drinking Water (issued July 11, 2010) due in annual installments of \$122,690 to \$206,382 through July 1, 2030; interest at 2.775%. Original issue amount \$3,222,300.	2,140
2015 Senior Lien (GO) Wastewater Rev. Ref & Improvement loan (issued September 15, 2015) due in annual installments of \$1,436,925 to \$3,791,223 through July 1, 2035; interest at 2.368%. Original issue amount \$60,269,432.	53,798
Total Business-Type Long Term Liabilities	<u>\$ 220,855</u>

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

Changes in long-term obligations for the year ended June 30, 2019 are as follows:

Governmental Activities	July 1, 2018	Increases	Decreases	June 30, 2019	Due Within One Year
<b>Bonds and Loans Payable:</b>					
GADA Loan Payable	\$ 1,260,000	\$ -	\$ (1,260,000)	\$ -	\$ -
Revenue Bonds	12,614,000	-	(6,283,000)	6,331,000	6,331,000
Total Bonds and Loans Payable	13,874,000	-	(7,543,000)	6,331,000	6,331,000
<b>Other Liabilities:</b>					
Capital Leases	3,626,109	-	(827,004)	2,799,105	699,672
Compensated Absences	2,713,032	2,258,787	(2,149,198)	2,822,621	2,255,275
Other Postemployment Benefits	10,989,389	142,915	-	11,132,304	677,381
Net Pension OPEB Liability	78,774	48,694	-	127,468	-
Net Pension Liability	87,914,012	-	(4,390,782)	83,523,230	-
Total Other Liabilities	105,321,316	2,450,396	(7,366,984)	100,404,728	3,632,328
Governmental Activities Long-Term Liabilities	<u>\$ 119,195,316</u>	<u>\$ 2,450,396</u>	<u>\$ (14,909,984)</u>	<u>\$ 106,735,728</u>	<u>\$ 9,963,328</u>
<b>Business-Type Activities</b>	<b>July 1, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2019</b>	<b>Due Within One Year</b>
<b>Bonds, Notes and Loans Payable:</b>					
General Obligation Bonds	\$ 65,645,000	\$ -	\$ (2,080,000)	\$ 63,565,000	\$ 2,185,000
Revenue Bonds	98,300,000	-	-	98,300,000	-
WIFA Loans Payable	61,969,212	-	(2,979,670)	58,989,542	3,054,063
Plus Deferred Amount on Premium	13,052,293	-	(602,358)	12,449,935	-
Total Bonds and Notes Payable	238,966,505	-	(5,662,028)	233,304,477	5,239,063
<b>Other Liabilities:</b>					
Compensated Absences	316,796	299,675	(271,545)	344,926	275,596
Other Postemployment Benefits	3,322,079	33,520	-	3,355,599	100,550
Net Pension OPEB Liability	13,810	5,122	-	18,932	-
Net Pension Liability	5,920,433	(948,567)	-	4,971,866	-
Landfill Closure and Postclosure	3,342,447	136,305	-	3,478,752	-
Total Other Liabilities	12,915,565	(473,945)	(271,545)	12,170,075	376,146
Business-Type Activities Long-Term Liabilities	<u>\$ 251,882,070</u>	<u>\$ (473,945)</u>	<u>\$ (5,933,573)</u>	<u>\$ 245,474,552</u>	<u>\$ 5,615,209</u>

Debt service requirements on long-term debt at June 30, 2019 are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 6,331,000	\$ 11,765	\$ 5,239,063	\$ 8,924,127
2021	-	-	5,420,346	8,731,239
2022	-	-	5,613,573	8,530,609
2023	-	-	5,813,789	8,321,937
2024	-	-	6,011,050	8,105,580
2025 - 2029	-	-	32,623,272	37,622,766
2030 - 2034	-	-	36,223,702	31,450,473
2035 - 2039	-	-	43,299,747	23,250,376
2040 - 2044	-	-	54,795,000	10,910,000
2045 - 2046	-	-	25,815,000	526,400
Total	<u>\$ 6,331,000</u>	<u>\$ 11,765</u>	<u>\$ 220,854,542</u>	<u>\$ 146,373,506</u>

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Landfill Closure and Postclosure Care Costs**

State and federal laws and regulations require that Lake Havasu City, Arizona place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post closure care costs has a balance of \$3,478,752 as of June 30, 2019, which is based on 55% usage of the landfill. It is estimated that an additional \$2,862,407 will be recognized as closure and post closure care expense between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2040). The estimated total current cost of the landfill closure and post closure care (\$6,341,159) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2019. The actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. No assets have been restricted for the payment of closure and post closure costs as of June 30, 2019.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

Lake Havasu City, Arizona is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City is insured by Travelers Indemnity Company for potential worker related accidents. Settlements have not exceeded the City's coverage for the past three fiscal years.

The City joined the Northwest Arizona Employee Benefit Trust (NAEBT) as the employee benefits pool to provide employee benefits to eligible employees of the City and their dependents effective July 1, 2012.

**B. Contingent Liabilities**

**Lawsuits** – The City is a defendant in various lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of the City's attorney, such matters will not have a material adverse effect on the City's financial position at June 30, 2019.

**C. Budgetary Basis of Accounting**

The adopted budget of the City was prepared on a basis consistent with accounting principles generally accepted in the United States of America.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Correction of an Error**

During the year ended June 30, 2019, the City changed its methodology for recording City Sales Tax revenues and receivables to comply with GASB Statement No. 33. This change represents a correction of an error and requires the restatement of June 30, 2018 fund balance in the General Fund and net position in the governmental activities. The net effect of the restatements on beginning fund balance and beginning net position are as follows:

	General Fund	HURF Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	Governmental Activities
Net Position, July 1, 2018, as Previously Reported	\$ 39,451,502	\$ 5,001,461	\$ 965,512	\$ 827,685	\$ 46,246,160	\$ 45,054,788
Restatements:						
City Sales Tax Accrual	2,072,681	-	-	-	2,072,681	2,072,681
Net Position, July 1, 2018, as Restated	<u>\$ 41,524,183</u>	<u>\$ 5,001,461</u>	<u>\$ 965,512</u>	<u>\$ 827,685</u>	<u>\$ 48,318,841</u>	<u>\$ 47,127,469</u>

**E. Subsequent Events**

On August 23, 2019, the City implemented a new financial system Oracle Enterprise Resource Planning (ERP) system in the areas of human capital management, payroll, accounts payable, and budgeting.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Retirement Plans**

The City contributes to the pension plans described below. The plans are component units of the State of Arizona.

At June 30, 2019, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business Activities	Total
Net Pension Liability	\$ 83,523,230	\$ 4,971,866	\$ 88,495,096
Deferred Outflows of Resources	16,619,817	772,540	17,392,357
Deferred Inflows of Resources	5,716,293	787,308	6,503,601
Pension Expense	8,553,835	(14,933)	8,538,902

The City reported \$7.7 million of pension expenditures in the governmental funds and \$413,598 in enterprise funds related to all pension plans to which it contributes.

Disclosures related to the OPEB plans for both ASRS and PSPRS are not included as the assets, liabilities, deferred inflows of resources, deferred outflows of resources, and OPEB expense are not significant to the City's financial statements.

**1. Arizona State Retirement System**  
**Plan Description**

City employees not covered by the other pension plans described after this section participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan.

The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Retirement Plans (Continued)**

**1. Arizona State Retirement System (Continued)**

**Benefits Provided**

The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percentage per year of service	2.1% to 2.3%	2.1% to 2.3%

\* With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a members' death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

**Contributions**

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Retirement Plans (Continued)**

**1. Arizona State Retirement System (Continued)**

**Contributions (Continued)**

For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.8% (11.64% for retirement and 0.16% for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.8% (11.18% for retirement, 0.46% for health insurance premium benefit, and 0.16% for long-term disability) of the members' annual covered payroll.

In addition, the City was required by statute to contribute at the actuarially determined rate of 10.53% (10.41% for retirement, 0.06% for health insurance premium benefits and 0.06% for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS. The City's contributions to the pension plan for the year ended June 30, 2019 were \$1.9 million.

During fiscal year 2019, the City paid for ASRS pension and OPEB contributions as follows: 73% from the General Fund and 27% from all other funds.

**Pension Liability**

At June 30, 2019, the City reported a liability of \$23.0 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total pension liability as of June 30, 2018, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8% to 7.5%, changing the projected salary increase from 3-6.75% to 2.7-7.2%, decreasing the inflation rate from 3% to 2.3%, and changing the mortality rates.

The City's proportion of the net pension liability was based on the City's actual contributions for the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The City's proportion measured as of June 30, 2018, was 0.16475%, which was a decrease of 0.00878% from its proportion measured as of June 30, 2017.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Retirement Plans (Continued)**

**1. Arizona State Retirement System (Continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2019, the City recognized pension expense for ASRS of \$252,240 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 632,993	\$ 126,667
Changes of Assumptions or Other Inputs	608,009	2,037,212
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	552,538
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	417,802	922,021
City Contributions Subsequent to the Measurement Date	1,883,596	-
Total	<u>\$ 3,542,400</u>	<u>\$ 3,638,438</u>

The \$1.9 million reported as deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ 69,475
2021	(963,157)
2022	(838,160)
2023	(247,792)



**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Retirement Plans (Continued)**

**1. Arizona State Retirement System (Continued)**

**Actuarial Assumptions**

The significant actuarial assumptions used to measure the total ASRS pension liability are as follows:

Actuarial Valuation Date	June 30, 2017
Actuarial Roll Forward Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5%
Projected Salary Increases	2.7-7.2%
Inflation	2.3%
Permanent Benefit Increase	Included
Mortality Rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class of ASRS are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50 %	5.50 %
Fixed Income	30	3.83
Real Estate	20	5.85
Total	<u>100 %</u>	

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Retirement Plans (Continued)**

**1. Arizona State Retirement System (Continued)**

**Discount Rate**

At June 30, 2018, the discount rate used to measure the ASRS total pension liability was 7.5%, which was a decrease of 0.5% from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (9.5%)
City's Proportionate Share of the Net Pension Liability	\$ 32,753,996	\$ 22,976,827	\$ 14,808,161

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**2. Public Safety Personnel Retirement System**

**Plan Descriptions**

City public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers an agent and cost-sharing multiple-employer defined benefit pensions. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the City's financial statements.

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Retirement Plans (Continued)**

**2. Public Safety Personnel Retirement System (Continued)**

**Plan Descriptions (Continued)**

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

**Benefits Provided**

The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Certain retirement and disability benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS financial report for additional benefits information.

Retirement and Disability	Initial Membership Date:	
	Before January 1, 2012	On or After January 1, 2012 and before July 1, 2017
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percentage		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% for each year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<b><u>Survivor Benefit</u></b>		
Retired Members	80-100% of retired member's pension benefit	
Active Members	80-100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50% of the member's compensation for up to 12 months.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Retirement Plans (Continued)**

**2. Public Safety Personnel Retirement System (Continued)**

**Employees Covered by Benefit Terms**

At June 30, 2019, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries currently receiving benefits	56	46
Inactive employees entitled to but not yet receiving benefits	21	14
Active employees	65	76
Total	<u>142</u>	<u>136</u>

**Contributions**

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2019, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police	PSPRS Fire
Active Members - Pension City	7.65-9.68%	7.65-9.68%
PSPRS Tier 1/2	55.74%	54.35%
PSPRS Tier 3	53.24%	50.26%

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Retirement Plans (Continued)**

**2. Public Safety Personnel Retirement System (Continued)**

**Contributions (Continued)**

For the agent plans, the contributions to the pension plan for the year ended were:

	<u>PSPRS Police</u>	<u>PSPRS Fire</u>
Pension Contributions Made	\$ 2,987,849	\$ 3,209,845

During fiscal year 2019, the City paid PSPRS pension contributions 100% from the General Fund.

**Pension Liability**

At June 30, 2019, the City reported the following net pension liabilities:

	<u>Net Pension Liability</u>
PSPRS Police	\$ 33,345,103
PSPRS Fire	32,173,166

The net pension liabilities were measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Retirement Plans (Continued)**

**2. Public Safety Personnel Retirement System (Continued)**

**Actuarial Assumptions**

The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial Valuation Date	June 30, 2018
Actuarial Cost Method	Individual Entry Age Normal
Investment Rate of Return	7.40%
Wage Inflation	3.5%
Price Inflation	2.5%
Cost-of-living Adjustment	Included
Mortality Rates	RP-2014 tables using MP-2016 improvement scale with adjustment to match current experience

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.40% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
U.S. Equity	16 %	7.60 %
Non-U.S. Equity	14	8.70
Private Credit	16	6.75
Fixed Income	5	1.25
Private Equity	12	5.83
GTS	12	3.96
Real Assets	9	4.52
Real Estate	10	3.75
Risk Parity	4	5.00
Short-Term Investments	2	0.25
Total	<u>100 %</u>	

**Pension Discount Rates**

At June 30, 2018, the discount rate used to measure PSPRS total pension liabilities was 7.40%, which was the same as the discount rate used as of June 30, 2017.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Retirement Plans (Continued)**

**2. Public Safety Personnel Retirement System (Continued)**

**Pension Discount Rates (Continued)**

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the PSPRS pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Agent Plans Net Pension Liability**

The following tables present changes in the City's net pension liability for PSPRS Police and PSPRS Fire plans as follows:

**PSPRS Police**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at Beginning of Year	\$ 55,095,106	\$ 21,756,889	\$ 33,338,217
Changes for the Year:			
Service Cost	1,016,857	-	1,016,857
Interest on the Total Pension Liability	4,000,651	-	4,000,651
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	(193,125)	-	(193,125)
Changes of Assumptions or Other Inputs	-	-	-
Contributions - Employer	-	3,104,531	(3,104,531)
Contributions - Employee	-	732,863	(732,863)
Net Investment Income	-	1,767,466	(1,767,466)
Benefit Payments, Including Refunds of Employee Contributions	(3,081,375)	(3,081,375)	-
Hall/Parker Settlement	-	(749,603)	749,603
Administrative Expenses	-	(27,600)	27,600
Other Changes	-	(10,160)	10,160
Net Changes	1,743,008	1,736,122	6,886
Balances at End of Year	<u>\$ 56,838,114</u>	<u>\$ 23,493,011</u>	<u>\$ 33,345,103</u>

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Retirement Plans (Continued)**

**2. Public Safety Personnel Retirement System (Continued)**

**Changes in the Agent Plans Net Pension Liability (Continued)**

**PSPRS Fire**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at Beginning of Year	\$ 56,768,846	\$ 23,305,209	\$ 33,463,637
Changes for the Year:			
Service Cost	1,227,618	-	1,227,618
Interest on the Total Pension Liability	4,135,420	-	4,135,420
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	(2,255,339)	-	(2,255,339)
Changes of Assumptions or Other Inputs	-	-	-
Contributions - Employer	-	2,966,928	(2,966,928)
Contributions - Employee	-	470,921	(470,921)
Net Investment Income	-	1,866,236	(1,866,236)
Benefit Payments, Including Refunds of Employee Contributions	(2,997,196)	(2,997,196)	-
Hall/Parker Settlement	-	(877,085)	877,085
Administrative Expenses	-	(29,104)	29,104
Other Changes	-	274	(274)
Net Changes	110,503	1,400,974	(1,290,471)
Balances at End of Year	<u>\$ 56,879,349</u>	<u>\$ 24,706,183</u>	<u>\$ 32,173,166</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's net pension liability calculated using the discount rates noted above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS Police			
Rate	6.40%	7.40%	8.40%
Net Pension Liability	\$ 42,371,622	\$ 33,345,103	\$ 26,035,856
PSPRS Fire			
Rate	6.40%	7.40%	8.40%
Net Pension Liability	\$ 41,207,391	\$ 32,173,166	\$ 24,802,294

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).



**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**F. Retirement Plans (Continued)**

**2. Public Safety Personnel Retirement System (Continued)**

**Pension Expense**

For the year ended June 30, 2019, the City recognized the following as pension expense:

	Pension Expense
PSPRS Police	\$ 4,172,015
PSPRS Fire	4,114,647

**Pension Deferred Outflows/Inflows of Resources**

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PSPRS - Police</b>		
Differences between expected and actual experience	\$ 867,521	\$ 763,390
Changes of assumptions or other inputs	1,584,194	-
Net difference between projected and actual earnings on pension plan investments	225,151	-
City contributions subsequent to the measurement date	2,987,849	-
Total	<u>\$ 5,664,715</u>	<u>\$ 763,390</u>
<b>PSPRS - Fire</b>		
Differences between expected and actual experience	\$ 693,492	\$ 2,101,773
Changes of assumptions or other inputs	4,071,080	-
Net difference between projected and actual earnings on pension plan investments	210,825	-
City contributions subsequent to the measurement date	3,209,845	-
Total	<u>\$ 8,185,242</u>	<u>\$ 2,101,773</u>

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	PSPRS Police	PSPRS Fire
2020	\$ 886,064	\$ 1,252,125
2021	745,888	1,089,860
2022	295,783	308,296
2023	(14,259)	262,123
2024	-	(16,119)
Thereafter	-	(22,661)

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Other Postemployment Benefits – Single Employer Plan**

**Plan Description and Benefits Provided**

Lake Havasu City provides single employer postemployment benefit plans for retirees. Active employees, who started before July 1, 2004, are eligible for medical coverage for themselves and their eligible dependent(s) under the City's health benefits program for a period not longer than ten (10) years after the date of retirement, until age 65 or Medicare eligible, or a covered dependent ceases to be an eligible dependent as defined under the Northwest Arizona Employee Benefit Trust Plan (NAEBT).

Pursuant to the provisions of the plan, employees hired before July 1, 2004 may be retained on the City's health insurance plan, provided they make required premium contributions and comply with all other provisions of the NAEBT, in accordance with the following provisions, with the condition that the employees have no vested rights:

- a) The employee must retire from Lake Havasu City, Arizona by meeting one of the alternative eligibility requirements based on their respective Retirement system.
- b) Eligible employees have worked a minimum of ten (10) years of full-time, benefit-eligible service with Lake Havasu City, Arizona or have earned sixty (60) points, which is a combination of age and years of service with Lake Havasu City, Arizona.
- c) Eligible employees retire under the applicable Arizona State Retirement System and elect to receive the State health insurance subsidy.
- d) Retiree must elect to be retained on the Plan with no break in coverage following their retirement and must waive all rights to COBRA continuation coverage.

Other eligible active employees, who started on or after July 1, 2004, will be covered under a defined contribution Health Retirement Savings Plan adopted by Council on November 24, 2009. This plan will not generate any GASB 75 liability.

**Employees Covered by Benefit Terms**

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	71
Active Plan Members	127
Total	<u>198</u>

**LAKE HAVASU CITY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Other Postemployment Benefits – Single Employer Plan (Continued)**

**Total OPEB Liability**

The City's total OPEB liability of \$14,487,903 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary Increases	3.25%
Discount Rate	3.62%
	7.0% grading to
	5.0% in steps of
Health Care Trend Rates	0.5%

Mortality rates were based on RP 2014 base rates (published RP 2014 rates with MP 2014 projection from 2006 to 2014 backed out) then projected from 2006 forward generationally using MacLeod Watts Scale 2017.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Other Postemployment Benefits – Single Employer Plan (Continued)**

**Changes in Total OPEB Liability**

A change in the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The following table shows the changes in OPEB liability as of June 30, 2019.

	Total OPEB Liability
Balances at June 30, 2018	\$ 14,311,467
Changes for the Year:	
Service Cost	424,722
Interest	511,977
Change in Assumptions	(50,613)
Contributions	(709,650)
Net Changes	176,436
Balances at June 30, 2019	\$ 14,487,903

**Sensitivity Results**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.62%)	Discount Rate (3.62%)	1% Increase (4.62%)
Net OPEB Liability	\$ 15,355,022	\$ 14,487,903	\$ 13,670,945

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost		
	Current Trend		
	1% Decrease (6.0% grading to 4.00% in steps of 0.5%)	Rates (7.0% decreasing to 5.0% over 5 years)	1% Increase (8.0% grading to 6.0% in steps of 0.5%)
Net OPEB Liability	\$ 12,983,725	\$ 14,487,903	\$ 16,299,245

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Other Postemployment Benefits – Single Employer Plan (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the City recognized OPEB expense of \$792,852. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ -	\$ 348,267
Contributions Made subsequent to Measurement Date	688,788	-
Total	<u>\$ 688,788</u>	<u>\$ 348,267</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Future Recognition</u>
2020	\$ (143,847)
2021	(143,847)
2022	(56,607)
2023	(3,966)

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**LAKE HAVASU CITY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
LAST TEN FISCAL YEARS**

	2019	2018
Total OPEB Liability		
Service Cost	\$ 424,722	\$ 459,852
Interest	511,977	431,911
Changes of Assumptions	(50,613)	(573,685)
Contributions	<u>(709,650)</u>	<u>(676,460)</u>
Net Change in Total OPEB Liability	176,436	(358,382)
Total OPEB Liability - beginning	<u>14,311,467</u>	<u>14,669,849</u>
Total OPEB Liability - ending (a)	<u><u>\$ 14,487,903</u></u>	<u><u>\$ 14,311,467</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 709,650	\$ 676,460
Benefit Payments	<u>(709,650)</u>	<u>(676,460)</u>
Plan Fiduciary Net Position - beginning	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - ending (b)	<u><u>-</u></u>	<u><u>-</u></u>
City's Net OPEB Liability - ending (a) - (b)	\$ 14,487,903	\$ 14,311,467
Covered-employee Payroll	\$ 10,831,018	\$ 11,030,000
City's Net OPEB Liability as a Percentage of Covered-employee Payroll	133.76%	129.75%

\*The City has no assets accumulated in a trust for the payment of OPEB.

Note: The City implemented GASB Statement No. 75 for fiscal year ended June 30, 2018. Information prior to fiscal year 2018 is not available.



**LAKE HAVASU CITY, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**ARIZONA STATE RETIREMENT SYSTEM**  
**YEAR ENDED JUNE 30, 2019**

**Arizona State Retirement System**

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
City's Proportion of the Net Pension Liability	0.16475%	0.17353%	0.16669%	0.16651%	0.16774%
City's Proportionate Share of the Net Pension Liability	\$ 22,976,827	\$ 27,032,591	\$ 26,905,441	\$ 25,935,590	\$ 24,263,884
City's Covered Payroll	16,322,972	16,926,187	15,607,806	15,336,079	14,781,897
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.76%	159.71%	172.38%	169.11%	164.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.40%	69.92%	67.06%	68.35%	69.49%

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

See accompanying Notes to Required Supplementary Information.

**LAKE HAVASU CITY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
ALL PENSION PLANS  
YEAR ENDED JUNE 30, 2019**

**Arizona State Retirement System**

	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,883,596	\$ 1,779,204	\$ 1,824,643	\$ 1,693,447	\$ 1,670,099
City's Contribution in Relation to the Statutorily Required Contribution	1,883,596	1,779,204	1,824,643	1,693,447	1,670,099
City's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 16,182,096	\$ 16,322,972	\$ 16,926,187	\$ 15,607,806	\$ 15,336,079
City's Contributions as a Percentage of Covered Payroll	11.64%	10.90%	10.78%	10.85%	10.89%

**PSPRS Police**

	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 2,987,849	\$ 2,991,037	\$ 2,210,217	\$ 2,228,546	\$ 1,567,440
City's Contribution in Relation to the Actuarially Determined Contribution	2,987,849	2,354,928	2,210,217	2,228,546	1,567,440
City's Contribution Deficiency (Excess)	\$ -	\$ (636,109)	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 5,360,332	\$ 5,482,280	\$ 5,429,036	\$ 4,819,831	\$ 4,876,023
City's Contributions as a Percentage of Covered Payroll	55.74%	42.96%	40.71%	46.24%	32.15%

**PSPRS Fire**

	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 3,209,845	\$ 2,827,637	\$ 2,338,318	\$ 2,253,104	\$ 1,546,439
City's Contribution in Relation to the Actuarially Determined Contribution	3,209,845	2,089,843	2,338,318	2,253,104	1,546,439
City's Contribution Deficiency (Excess)	\$ -	\$ (737,794)	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 5,905,879	\$ 5,721,646	\$ 5,876,745	\$ 5,533,617	\$ 5,162,923
City's Contributions as a Percentage of Covered Payroll	54.35%	36.53%	39.79%	40.72%	29.95%

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

**LAKE HAVASU CITY, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIO**  
**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE**  
**YEAR ENDED JUNE 30, 2019**

**PSPRS Police**

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total Pension Liability					
Service Cost	\$ 1,016,857	\$ 1,234,563	\$ 922,034	\$ 861,608	\$ 848,865
Interest on the Total Pension Liability	4,000,651	3,651,211	3,464,339	3,399,923	2,915,368
Changes of Benefit Terms	-	582,417	2,528,560	-	703,355
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	(193,125)	1,482,173	(1,471,071)	(106,367)	893,651
Changes of Assumptions or Other Inputs	-	1,480,171	1,778,435	-	3,938,245
Benefit Payments, Including Refunds of Employee Contributions	(3,081,375)	(2,801,935)	(2,852,973)	(3,876,595)	(2,389,772)
Net Change in Total Pension Liability	1,743,008	5,628,600	4,369,324	278,569	6,909,712
Total Pension Liability - Beginning	55,095,106	49,466,506	45,097,182	44,818,613	37,908,901
Total Pension Liability - Ending (a)	56,838,114	55,095,106	49,466,506	45,097,182	44,818,613
Plan Fiduciary Net Position					
Contributions - Employer	3,104,531	2,210,217	2,228,546	1,567,440	1,354,412
Contributions - Employee	732,863	625,344	595,760	554,019	549,533
Net Investment Income	1,767,466	2,293,048	113,130	732,631	2,503,686
Benefit Payments, Including Refunds of Employee Contributions	(3,081,375)	(2,801,935)	(2,852,973)	(3,876,595)	(2,389,772)
Hall/Parker Settlement	(749,603)	-	-	-	-
Administrative Expenses	(27,600)	(20,690)	(16,679)	(18,256)	-
Other Changes	(10,160)	(13,631)	(61,181)	(2,391)	(1,015,209)
Net Change in Plan Fiduciary Net Position	1,736,122	2,292,353	6,603	(1,043,152)	1,002,650
Plan Fiduciary Net Position - Beginning	21,756,889	19,464,536	19,457,933	20,501,085	19,498,435
Plan Fiduciary Net Position - Ending (b)	23,493,011	21,756,889	19,464,536	19,457,933	20,501,085
City's Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 33,345,103</u>	<u>\$ 33,338,217</u>	<u>\$ 30,001,970</u>	<u>\$ 25,639,249</u>	<u>\$ 24,317,528</u>

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	41.33%	39.49%	39.35%	43.15%	45.74%
Covered Payroll	\$ 5,482,280	\$ 5,429,036	\$ 4,819,831	\$ 4,876,023	\$ 4,534,608
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	608.23%	614.07%	622.47%	525.82%	536.27%

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

**LAKE HAVASU CITY, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIO**  
**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM – POLICE AND FIRE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

**PSPRS Fire**

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total Pension Liability					
Service Cost	1,227,618	\$ 1,344,599	\$ 1,057,474	\$ 959,699	\$ 924,982
Interest on the Total Pension Liability	4,135,420	3,734,268	3,496,748	3,383,165	2,837,439
Changes of Benefit Terms	-	595,772	1,468,498	-	952,334
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	(2,255,339)	977,472	(327,782)	(84,341)	14,363
Changes of Assumptions or Other Inputs	-	2,126,762	1,911,648	-	4,840,056
Benefit Payments, Including Refunds of Employee Contributions	(2,997,196)	(2,255,936)	(2,753,000)	(2,967,977)	(2,301,260)
Net Change in Total Pension Liability	110,503	6,522,937	4,853,586	1,290,546	7,267,914
Total Pension Liability - Beginning	56,768,846	50,245,909	45,392,323	44,101,777	36,833,863
Total Pension Liability - Ending (a)	56,879,349	56,768,846	50,245,909	45,392,323	44,101,777
Plan Fiduciary Net Position					
Contributions - Employer	2,966,928	2,338,318	2,253,104	1,546,439	1,452,150
Contributions - Employee	470,921	657,879	628,285	575,092	510,116
Net Investment Income	1,866,236	2,415,000	116,400	721,120	2,435,938
Benefit Payments, Including Refunds of Employee Contributions	(2,997,196)	(2,255,936)	(2,753,000)	(2,967,977)	(2,301,260)
Hall/Parker Settlement	(877,085)	-	-	-	-
Administrative Expenses	(29,104)	(21,769)	(17,149)	(17,967)	-
Other Changes	274	(31,332)	162,933	3,818	(1,110,206)
Net Change in Plan Fiduciary Net Position	1,400,974	3,102,160	390,573	(139,475)	986,738
Plan Fiduciary Net Position - Beginning	23,305,209	20,203,049	19,812,476	19,951,951	18,965,213
Plan Fiduciary Net Position - Ending (b)	24,706,183	23,305,209	20,203,049	19,812,476	19,951,951
City's Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 32,173,166</u>	<u>\$ 33,463,637</u>	<u>\$ 30,042,860</u>	<u>\$ 25,579,847</u>	<u>\$ 24,149,826</u>

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.44%	41.05%	40.21%	43.65%	45.24%
Covered Payroll	\$ 5,721,646	\$ 5,876,745	\$ 5,533,617	\$ 5,162,923	\$ 5,018,226
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	562.31%	569.42%	542.92%	495.45%	481.24%

Note: The City implemented GASB Statement No. 68 for fiscal year ended June 30, 2015. Information prior to fiscal year 2015 is not available.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2019**

**NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES**

Actuarial determined contribution rates for PSPRS are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial Cost Method	Entry age normal
Amortization Level	Level percent-of-pay, closed
Remaining Amortization Period as of the 2016 Actuarial Valuation	20 years
Asset Valuation Method	7-year smoothed market value; 80%/120% market corridor
Actuarial Assumptions:	
Investment Rate of Return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%.
Projected Salary Increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%.
Wage Growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011.
Mortality	In the 2017 actuarial valuation, change to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

**NOTE 2 INFORMATION PRIOR TO MEASUREMENT DATE**

Information prior to the measurement date (June 30, 2014) was not available. GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an Amendment of *GASB Statement No. 27*, requires the City to present ten years of pension information as required supplementary information. However, until a full ten years of trend data is compiled, the City will present information for only those years for which information is available.

**LAKE HAVASU CITY, ARIZONA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2019**

**NOTE 3    FACTORS THAT AFFECT THE IDENTIFICATION OF TRENDS**

Arizona Courts have ruled that provisions of a 2011 law that changed the funding mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates.

These changes are reflected in the plan's pension liability for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2018 for members who retired or will retire after the law's effective date.

Also, the City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined contributions for 2018.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



LAKE HAVASU CITY



**NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS**

**Metropolitan Planning Organization Fund (MPO)** - This fund was established to account for funding derived from the area's status as a designated Metropolitan Planning Organization (MPO).

**Grants Fund** – To account for the activity of the miscellaneous federal and state grants.

**Community Development Block Grant (CDBG)/State Home Fund (Home)** – To account for Community Development Block Grants and State Home Fund monies, which are federal and state funds to be used for the development of viable urban communities, decent housing and a suitable living environment, and expanded economic opportunities.

**Improvement Districts Fund** – To account for the maintenance and improvements to Improvement District No. 2, the London Bridge shopping area and Improvement District No. 4 for the gas lights, utility service, and median center for the lower McCulloch Boulevard Business District. Financing is provided to all districts through the assessment of property taxes.

**Special Programs Fund** – To account for the activity of various City programs funded with program-generated revenues and outside agency contributions.

**LAKE HAVASU CITY, ARIZONA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	Special Revenue		
	Metropolitan Planning Organization	Grants	CDBG/HOME
<b>Assets</b>			
Cash and Investments	\$ -	\$ -	\$ -
Restricted Cash	-	-	-
Receivables			
Accounts Receivable	-	-	-
Taxes Receivable	-	-	-
Intergovernmental Receivable	47,667	100,930	74,536
Interest Receivable	-	-	-
Total Assets	<u>\$ 47,667</u>	<u>\$ 100,930</u>	<u>\$ 74,536</u>
<b>Liabilities and Fund Balance</b>			
Liabilities			
Accounts Payable	\$ 1,363	\$ 6,694	\$ 27,192
Accrued Wages and Benefits	7,675	3,674	3,657
Due to Other Funds	38,629	90,562	43,687
Unearned Revenue	-	-	-
Total Liabilities	<u>47,667</u>	<u>100,930</u>	<u>74,536</u>
Fund Balances			
Restricted	-	-	-
Assigned	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 47,667</u>	<u>\$ 100,930</u>	<u>\$ 74,536</u>

Special Revenue		
Improvement Districts	Special Programs	Total Nonmajor Governmental Funds
\$ 26,167	\$ 611,592	\$ 637,759
-	139,487	139,487
-	40,000	40,000
1,100	-	1,100
1,613	-	224,746
31	1,436	1,467
<u>\$ 28,911</u>	<u>\$ 792,515</u>	<u>\$ 1,044,559</u>
\$ 700	\$ 17,244	\$ 53,193
-	-	15,006
-	-	172,878
-	18,700	18,700
<u>700</u>	<u>35,944</u>	<u>259,777</u>
28,211	553,586	581,797
-	202,985	202,985
<u>28,211</u>	<u>756,571</u>	<u>784,782</u>
<u>\$ 28,911</u>	<u>\$ 792,515</u>	<u>\$ 1,044,559</u>

**LAKE HAVASU CITY, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	Special Revenue		
	Metropolitan Planning Organization	Grants	CDBG/HOME
Revenue			
Taxes			
Property Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	319,889	535,928	336,324
Fines and Forfeitures	-	-	-
Investment Earnings	-	-	-
Other	14	-	-
Total Revenue	<u>319,903</u>	<u>535,928</u>	<u>336,324</u>
Expenditures			
Current			
General Government	-	259,386	336,324
Public Safety	-	276,542	-
Transportation Services	319,903	-	-
Total Expenditures	<u>319,903</u>	<u>535,928</u>	<u>336,324</u>
Excess (Deficiency) of Revenue Over Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance			
Beginning of Year	-	-	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue		
Improvement Districts	Special Programs	Total Nonmajor Governmental Funds
\$ 75,039	\$ -	\$ 75,039
-	344,412	1,536,553
-	81,026	81,026
790	24,055	24,845
-	2,882	2,896
<u>75,829</u>	<u>452,375</u>	<u>1,720,359</u>
73,422	319	669,451
-	451,582	728,124
-	-	319,903
<u>73,422</u>	<u>451,901</u>	<u>1,717,478</u>
2,407	474	2,881
-	(45,784)	(45,784)
-	(45,784)	(45,784)
2,407	(45,310)	(42,903)
25,804	801,881	827,685
<u>\$ 28,211</u>	<u>\$ 756,571</u>	<u>\$ 784,782</u>

**LAKE HAVASU CITY, ARIZONA  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Contributions and Donations	293,320	\$ 293,320	\$ -	\$ (293,320)
Investment Earnings	800	800	13,047	12,247
Other	-	-	399	399
Total Revenue	294,120	294,120	13,446	(280,674)
Expenditures				
Capital Outlay	8,559,311	7,092,311	5,807,593	1,284,718
Total Expenditures	8,559,311	7,092,311	5,807,593	1,284,718
Excess (Deficiency) of Revenue Over Expenditures	(8,265,191)	(6,798,191)	(5,794,147)	1,004,044
Other Financing Sources (Uses)				
Transfers In	8,072,000	8,072,000	5,055,296	(3,016,704)
Sale of Capital Assets	-	-	337,401	337,401
Total Other Financing Sources (Uses)	8,072,000	8,072,000	5,392,697	(2,679,303)
Net Change in Fund Balance	(193,191)	1,273,809	(401,450)	(1,675,259)
Fund Balance				
Beginning of Year	326,000	326,000	965,512	639,512
End of Year	\$ 132,809	\$ 1,599,809	\$ 564,062	\$ (1,035,747)

**LAKE HAVASU CITY, ARIZONA  
GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Original and Final Budget		
Revenue				
Intergovernmental Revenue	\$ 1,987,684	\$ 1,987,684	\$ 535,928	\$ (1,451,756)
Total Revenue	1,987,684	1,987,684	535,928	(1,451,756)
Expenditures				
Current				
General Government	442,026	442,026	259,386	182,640
Public Safety	1,315,621	1,311,621	276,542	1,035,079
Transportation Services	36,995	36,995	-	36,995
Total Expenditures	1,794,642	1,790,642	535,928	1,254,714
Excess (Deficiency) of Revenue Over Expenditures	193,042	197,042	-	(197,042)
Fund Balance				
Beginning of Year	-	-	-	-
End of Year	\$ 193,042	\$ 197,042	\$ -	\$ (197,042)

**LAKE HAVASU CITY, ARIZONA  
CDBG/HOME FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Original and Final Budget		
Revenue				
Intergovernmental Revenue	\$ 809,571	\$ 809,571	\$ 336,324	\$ (473,247)
Total Revenue	<u>809,571</u>	<u>809,571</u>	<u>336,324</u>	<u>(473,247)</u>
Expenditures				
Current				
General Government	809,571	809,571	336,324	473,247
Total Expenditures	<u>809,571</u>	<u>809,571</u>	<u>336,324</u>	<u>473,247</u>
Excess (Deficiency) of Revenue Over Expenditures	-	-	-	-
Fund Balance				
Beginning of Year	-	-	-	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**LAKE HAVASU CITY, ARIZONA  
IMPROVEMENT DISTRICTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenue				
Taxes				
Property Taxes	\$ 73,005	\$ 73,005	\$ 75,039	\$ 2,034
Investment Earnings	364	364	790	426
Total Revenue	<u>73,369</u>	<u>73,369</u>	<u>75,829</u>	<u>2,460</u>
Expenditures				
Current				
General Government	<u>72,292</u>	<u>76,292</u>	<u>73,422</u>	<u>(1,130)</u>
Total Expenditures	<u>72,292</u>	<u>76,292</u>	<u>73,422</u>	<u>(1,130)</u>
Excess (Deficiency) of Revenue Over Expenditures	1,077	(2,923)	2,407	1,330
Fund Balance				
Beginning of Year	<u>26,000</u>	<u>26,000</u>	<u>25,804</u>	<u>(196)</u>
End of Year	<u>\$ 27,077</u>	<u>\$ 23,077</u>	<u>\$ 28,211</u>	<u>\$ 1,134</u>

**LAKE HAVASU CITY, ARIZONA  
SPECIAL PROGRAMS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Original and Final Budget		
Revenue				
Intergovernmental Revenue	\$ 440,360	\$ 440,360	\$ 344,412	\$ (95,948)
Fines and Forfeitures	67,000	67,000	81,026	14,026
Contributions and Donations	265,000	265,000	-	(265,000)
Investment Earnings	7,120	7,120	24,055	16,935
Other	3,640	3,640	2,882	(758)
Total Revenue	783,120	783,120	452,375	(330,745)
Expenditures				
Current				
General Government	22,000	22,000	319	21,681
Public Safety	973,315	973,315	451,582	521,733
Total Expenditures	995,315	995,315	451,901	543,414
Excess (Deficiency) of Revenue Over Expenditures	(212,195)	(212,195)	474	212,669
Other Financing Sources (Uses)				
Transfers Out	(45,784)	(45,784)	(45,784)	-
Total Other Financing Sources (Uses)	(45,784)	(45,784)	(45,784)	-
Net Change in Fund Balance	(257,979)	(257,979)	(45,310)	212,669
Fund Balance				
Beginning of Year	763,000	763,000	801,881	38,881
End of Year	\$ 505,021	\$ 505,021	\$ 756,571	\$ 251,550

## **STATISTICAL SECTION**

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**LAKE HAVASU CITY, ARIZONA  
STATISTICAL SECTION**

This part of the Lake Havasu City, Arizona's, Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

**Financial Trends** – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

**Revenue Capacity** – These schedules contain information to help readers assess the City's most significant local revenue source, the sales tax.

**Debt Capacity** – These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

**Demographic and Economic Information** – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

**Operating Information** – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**LAKE HAVASU CITY, ARIZONA  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2010	2011 (As Restated)	2012 (As Restated)	2013 (1) (As Restated)
Governmental Activities				
Net Investment in Capital Assets	\$ 86,672,300	\$ 87,690,122	\$ 87,049,507	\$ 87,401,644
Net Position-Restricted	12,583,976	10,279,119	8,223,996	8,485,744
Net Position-Unrestricted	18,837,995	21,634,832	24,258,422	24,692,309
Total Governmental Activities Net Position	<u>\$ 118,094,271</u>	<u>\$ 119,604,073</u>	<u>\$ 119,531,925</u>	<u>\$ 120,579,697</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 128,661,852	\$ 113,244,315	\$ 111,325,222	\$ 112,402,345
Net Position-Restricted	-	-	-	-
Net Position-Unrestricted	81,173,618	91,498,031	96,661,045	92,463,831
Total Business-Type Activities Net Position	<u>\$ 209,835,470</u>	<u>\$ 204,742,346</u>	<u>\$ 207,986,267</u>	<u>\$ 204,866,176</u>
Primary Government				
Net Investment in Capital Assets	\$ 215,334,152	\$ 200,934,437	\$ 198,374,729	\$ 199,803,989
Net Position-Restricted	12,583,976	10,279,119	8,223,996	8,485,744
Net Position-Unrestricted	100,011,613	113,132,863	120,919,467	117,156,140
Total Primary Government Net Position	<u>\$ 327,929,741</u>	<u>\$ 324,346,419</u>	<u>\$ 327,518,192</u>	<u>\$ 325,445,873</u>

(1) Government Accounting Standards Board (GASB) Statement 63 was implemented by the City in fiscal year ended June 30, 2013. Net position was reported as net assets prior to GASB 63 implementation.

(2) Government Accounting Standards Board (GASB) Statement 68 was implemented by the City in fiscal year ended June 30, 2015. As a result Beginning Net Position was restated and reduced Net Position by \$55,501,937.

(3) Government Accounting Standards Board (GASB) Statement 75 was implemented by the City in fiscal year ended June 30, 2018. As a result Beginning Net Position was restated and reduced Net Position by \$8,453,182.

Source: Lake Havasu City, Arizona's Administrative Services Department.

Fiscal Year					
2014	2015 (2)	2016	2017 (3) (As Restated)	2018	2019
\$ 87,718,006	\$ 86,704,197	\$ 88,095,353	\$ 88,995,496	\$ 85,407,317	\$ 99,783,955
8,971,642	9,629,813	3,703,586	4,798,406	5,990,275	4,587,301
25,319,806	(30,958,540)	(31,635,385)	(47,404,855)	(46,342,804)	(45,275,653)
<u>\$ 122,009,454</u>	<u>\$ 65,375,470</u>	<u>\$ 60,163,554</u>	<u>\$ 46,389,047</u>	<u>\$ 45,054,788</u>	<u>\$ 104,150,391</u>
\$ 112,968,345	\$ 114,768,401	\$ 137,877,796	\$ 139,060,241	\$ 140,976,250	\$ 134,618,689
-	-	-	-	20,929	13,207
92,849,079	83,956,728	66,001,694	66,595,391	68,758,191	73,866,305
<u>\$ 205,817,424</u>	<u>\$ 198,725,129</u>	<u>\$ 203,879,490</u>	<u>\$ 205,655,632</u>	<u>\$ 209,755,370</u>	<u>\$ 208,498,201</u>
\$ 200,686,351	\$ 201,472,598	\$ 225,973,149	\$ 228,055,737	\$ 226,383,567	\$ 234,402,644
8,971,642	9,629,813	3,703,586	4,798,406	6,011,204	4,600,508
118,168,885	52,998,188	34,366,309	19,190,536	22,415,387	28,590,652
<u>\$ 327,826,878</u>	<u>\$ 264,100,599</u>	<u>\$ 264,043,044</u>	<u>\$ 252,044,679</u>	<u>\$ 254,810,158</u>	<u>\$ 267,593,804</u>

**LAKE HAVASU CITY, ARIZONA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2010	2011 (As Restated)	2012 (As Restated)	2013 (As Restated)
<b>Expenses</b>				
Governmental Activities:				
General Government	\$ 11,523,143	\$ 9,621,283	\$ 8,476,893	\$ 10,853,502
Public Safety	22,048,520	22,372,576	21,686,997	24,589,053
Highways and Streets	5,425,314	5,918,563	6,233,637	6,489,355
Transportation Services	1,820,974	1,461,976	1,879,024	2,084,097
Tourism and Promotion	1,357,407	1,390,134	1,496,816	1,485,300
Culture and Recreation	4,590,764	4,722,202	4,073,659	1,818,542
Interest on Long-Term Debt	115,351	108,188	99,411	92,090
Total Governmental Activities	46,881,473	45,594,922	43,946,437	47,411,939
Business-Type Activities:				
Refuse	1,081,376	1,085,990	5,410,612	5,368,384
Recreation / Aquatic Center	1,079,224	1,079,984	1,246,005	1,329,378
Irrigation and Drainage	10,220,643	10,523,588	10,044,185	9,845,794
Wastewater	15,205,648	24,963,122	25,793,737	27,266,517
Airport	1,391,318	1,356,632	1,364,933	1,332,327
Total Business-Type Activities	28,978,209	39,009,316	43,859,472	45,142,400
Total Primary Government Expenses	<u>\$ 75,859,682</u>	<u>\$ 84,604,238</u>	<u>\$ 87,805,909</u>	<u>\$ 92,554,339</u>
<b>Program Revenues</b>				
Governmental Activities:				
Fines, Fees and Charges for Services:				
General Government	\$ 2,883,613	\$ 2,697,578	\$ 2,496,454	\$ 3,069,608
Public Safety	138,856	131,855	107,777	534,871
Highways and Streets	26,885	22,861	21,023	189,775
Culture and Recreation	639,748	570,009	565,388	597,730
Transportation Services	103,165	106,000	119,262	106,528
Interest	7,308	5,765	2,086	-
Operating Grants and Contributions	7,656,464	7,755,856	6,522,104	6,837,670
Capital Grants and Contributions	3,672,012	3,264,826	1,525,462	2,930,409
Total Governmental Activities				
Program Revenues	15,128,051	14,554,750	11,359,556	14,266,591
Business-type Activities:				
Charges for Services:				
Refuse	1,193,935	1,198,732	5,589,465	5,725,669
Recreation / Aquatic Center	349,804	332,304	388,600	372,160
Irrigation and Drainage	11,299,977	10,970,391	10,792,533	10,490,751
Wastewater	16,836,789	21,241,682	21,865,171	22,047,663
Airport	1,125,623	521,022	510,311	492,185
Operating Grants and Contributions	25,000	86,000	88,717	51,853
Capital Grants and Contributions	10,373,301	13,547,954	3,161,306	2,159,379
Total Business-Type Activities				
Program Revenues	41,204,429	47,898,085	42,396,103	41,339,660
Total Primary Government Program Revenues	<u>\$ 56,332,480</u>	<u>\$ 62,452,835</u>	<u>\$ 53,755,659</u>	<u>\$ 55,606,251</u>



Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 12,152,114	\$ 13,730,439	\$ 16,565,010	\$ 16,508,917	\$ 15,966,111	\$ 16,231,859
25,670,858	29,639,702	27,851,569	35,730,398	32,534,876	31,099,502
6,844,661	7,581,803	5,954,241	6,527,976	5,986,275	5,506,988
1,602,639	590,799	3,524,708	3,211,372	3,394,900	3,119,629
1,651,955	1,614,399	1,866,653	2,011,849	2,263,539	2,438,028
1,860,313	2,069,458	796,465	649,522	723,931	644,651
85,885	79,518	71,419	336,191	377,281	156,484
49,868,425	55,306,118	56,630,065	64,976,225	61,246,913	59,197,141
5,267,207	5,376,827	5,462,233	5,579,670	5,824,942	6,397,111
1,518,700	1,675,056	-	-	-	-
10,173,601	9,961,106	10,695,127	10,873,128	12,388,033	11,471,349
26,965,114	26,687,095	28,630,254	26,012,366	25,175,765	26,016,553
1,358,396	1,361,177	1,401,684	1,425,314	1,558,591	1,875,148
45,283,018	45,061,261	46,189,298	43,890,478	44,947,331	45,760,161
\$ 95,151,443	\$ 100,367,379	\$ 102,819,363	\$ 108,866,703	\$ 106,194,244	\$ 104,957,302
\$ 3,274,126	\$ 3,820,613	\$ 3,632,889	\$ 3,824,870	\$ 4,109,375	\$ 4,192,315
422,645	264,639	413,385	306,598	394,571	355,788
26,621	9,897	56,878	4,586	14,847	10,789
613,049	717,178	959,528	994,556	954,783	1,003,937
100,508	10,507	11,193	11,440	17,094	18,583
-	-	-	-	-	-
6,419,567	6,486,534	7,398,931	7,634,226	7,163,483	7,539,313
2,263,972	1,501,131	1,500	13,750	223,288	-
13,120,488	12,810,499	12,474,304	12,790,026	12,877,441	13,120,725
5,645,063	5,762,381	5,900,766	6,032,980	6,451,980	6,830,556
373,728	424,825	-	-	-	-
10,586,519	10,320,272	10,690,585	10,694,299	11,941,916	10,849,791
22,408,732	22,529,002	22,592,658	22,619,965	22,334,847	23,014,325
490,596	487,182	496,145	502,238	515,049	504,332
112,131	96,035	111,029	46,241	-	-
3,103,082	629,838	2,394,886	3,981,141	3,703,711	3,133,115
42,719,851	40,249,535	42,186,069	43,876,864	44,947,503	44,332,119
\$ 55,840,339	\$ 53,060,034	\$ 54,660,373	\$ 56,666,890	\$ 57,824,944	\$ 57,452,844

**LAKE HAVASU CITY, ARIZONA**  
**CHANGES IN NET POSITION (CONTINUED)**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2010	2011 (As Restated)	2012 (As Restated)	2013 (As Restated)
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (31,753,421)	\$ (31,040,172)	\$ (32,586,881)	\$ (33,145,348)
Business-Type Activities	12,226,220	8,888,769	(1,463,369)	(3,802,740)
Total Primary Government Net Expense	<u>\$ (19,527,201)</u>	<u>\$ (22,151,403)</u>	<u>\$ (34,050,250)</u>	<u>\$ (36,948,088)</u>
<b>General Revenues and Other</b>				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 13,979,108	\$ 14,379,370	\$ 14,400,439	\$ 14,157,677
Property Taxes	5,106,364	4,135,595	4,150,569	4,194,202
Franchise Taxes	1,687,909	1,722,878	1,684,173	1,705,943
Impact Fees	318,232	295,355	-	-
State Revenue Sharing	6,899,020	5,200,976	4,433,318	5,365,520
State Sales Tax Revenue Sharing	3,921,350	4,081,876	4,104,475	4,299,431
Auto Lieu Tax Revenue Sharing	2,665,669	2,621,452	2,451,516	2,423,003
Investment Earnings (Loss)	253,403	187,740	(81,420)	400,393
Other	16,124	78,417	119,074	47,499
Transfers	(1,877,395)	(153,685)	1,252,589	1,599,452
Total Governmental Activities	<u>32,969,784</u>	<u>32,549,974</u>	<u>32,514,733</u>	<u>34,193,120</u>
Business-Type activities:				
Sales Taxes	-	-	-	-
Property Taxes	3,237,149	4,460,402	5,703,105	5,675,383
Investment Earnings (Loss)	200,593	266,125	256,774	669,737
Other	-	-	-	-
Transfers	1,877,395	153,685	(1,252,589)	(1,599,452)
Total Business-Type Activities	<u>5,315,137</u>	<u>4,880,212</u>	<u>4,707,290</u>	<u>4,745,668</u>
Total Primary Government	<u>\$ 38,284,921</u>	<u>\$ 37,430,186</u>	<u>\$ 37,222,023</u>	<u>\$ 38,938,788</u>
<b>Change in Net Position</b>				
Governmental Activities	\$ 1,216,364	\$ 1,509,802	\$ (72,148)	\$ 1,047,772
Business-type Activities	17,541,357	13,768,981	3,243,921	942,928
Total Primary Government	<u>\$ 18,757,721</u>	<u>\$ 15,278,783</u>	<u>\$ 3,171,773</u>	<u>\$ 1,990,700</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ (36,747,937)	\$ (42,495,619)	\$ (44,155,761)	\$ (52,186,199)	\$ (48,369,472)	\$ (46,076,416)
(2,563,167)	(4,811,726)	(4,003,229)	(13,614)	172	(1,428,042)
<u>\$ (39,311,104)</u>	<u>\$ (47,307,345)</u>	<u>\$ (48,158,990)</u>	<u>\$ (52,199,813)</u>	<u>\$ (48,369,300)</u>	<u>\$ (47,504,458)</u>
\$ 15,185,171	\$ 18,442,101	\$ 20,205,820	\$ 21,750,919	\$ 23,510,466	\$ 25,600,426
4,231,510	4,237,577	4,378,580	4,404,669	4,509,789	4,738,836
1,795,899	2,300,347	1,971,867	2,017,919	1,915,660	1,920,789
-	-	-	-	-	-
5,854,801	6,358,718	6,324,244	6,551,824	6,656,582	6,589,165
4,572,096	4,800,376	4,961,508	4,903,171	5,167,905	5,478,702
2,506,953	2,666,247	2,871,694	3,114,874	3,403,444	3,614,782
439,967	355,158	567,614	115,537	158,966	1,213,816
114,948	58,081	21,866	-	-	337,401
3,476,349	1,448,372	(5,800,353)	2,043,948	1,712,401	8,550,633
<u>38,177,694</u>	<u>40,666,977</u>	<u>35,502,840</u>	<u>44,902,861</u>	<u>47,035,213</u>	<u>58,044,550</u>
-	-	-	-	7,918	20,545
5,953,459	5,392,116	5,726,275	5,701,272	5,702,082	5,693,531
1,037,304	772,282	1,071,967	94,445	101,967	2,736,835
-	-	-	-	-	270,595
<u>(3,476,349)</u>	<u>(1,448,372)</u>	<u>5,800,353</u>	<u>(2,043,948)</u>	<u>(1,712,401)</u>	<u>(8,550,633)</u>
<u>3,514,414</u>	<u>4,716,026</u>	<u>12,598,595</u>	<u>3,751,769</u>	<u>4,099,566</u>	<u>170,873</u>
<u>\$ 41,692,108</u>	<u>\$ 45,383,003</u>	<u>\$ 48,101,435</u>	<u>\$ 48,654,630</u>	<u>\$ 51,134,779</u>	<u>\$ 58,215,423</u>
\$ 1,429,757	\$ (1,828,642)	\$ (8,652,921)	\$ (7,283,338)	\$ (1,334,259)	\$ 11,968,134
951,248	(95,700)	8,595,366	3,738,155	4,099,738	(1,257,169)
<u>\$ 2,381,005</u>	<u>\$ (1,924,342)</u>	<u>\$ (57,555)</u>	<u>\$ (3,545,183)</u>	<u>\$ 2,765,479</u>	<u>\$ 10,710,965</u>

**LAKE HAVASU CITY, ARIZONA**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

Function/Program	Fiscal Year			
	2010	2011	2012	2013
<b>Governmental Activities:</b>				
General Government	\$ 4,369,104	\$ 3,726,647	\$ 3,535,789	\$ 3,995,491
Public Safety	1,033,934	1,155,283	941,184	1,538,204
Highways and Streets	7,734,943	6,984,204	5,084,235	7,081,241
Culture and Recreation	654,545	693,518	707,343	708,112
Transportation Services	1,328,218	1,989,333	1,088,919	943,543
Interest on Long-Term Debt	7,308	5,765	2,086	-
Subtotal Governmental Activities	15,128,052	14,554,750	11,359,556	14,266,591
<b>Business-Type Activities:</b>				
Refuse	1,193,935	1,198,732	5,589,465	5,725,669
Recreation/Aquatic Center	349,804	332,304	388,600	372,160
Irrigation and Drainage	11,750,407	13,875,204	12,496,186	11,824,048
Wastewater	26,728,765	31,611,051	23,241,431	22,693,769
Airport	1,181,518	880,794	680,421	724,014
Subtotal Business-Type Activities	41,204,429	47,898,085	42,396,103	41,339,660
Total Primary Government	<u>\$ 56,332,481</u>	<u>\$ 62,452,835</u>	<u>\$ 53,755,659</u>	<u>\$ 55,606,251</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 3,932,496	\$ 4,574,380	\$ 5,046,899	\$ 4,919,685	\$ 5,344,231	\$ 5,339,004
1,045,352	902,861	1,066,458	1,376,751	1,040,186	982,952
6,490,956	6,223,620	4,772,852	4,985,665	5,110,258	5,439,830
668,427	827,472	1,085,432	1,075,382	984,594	1,020,467
983,257	282,166	502,663	432,543	398,172	338,472
-	-	-	-	-	-
13,120,488	12,810,499	12,474,304	12,790,026	12,877,441	13,120,725
5,645,063	5,762,381	5,900,766	6,032,980	6,451,980	6,830,556
373,728	424,825	-	-	-	-
13,161,156	10,429,386	12,529,606	12,783,382	13,967,644	13,039,227
23,009,681	23,136,248	23,259,010	23,267,652	23,128,673	23,649,210
530,223	496,695	496,687	1,792,850	1,399,206	813,126
42,719,851	40,249,535	42,186,069	43,876,864	44,947,503	44,332,119
\$ 55,840,339	\$ 53,060,034	\$ 54,660,373	\$ 56,666,890	\$ 57,824,944	\$ 57,452,844

**LAKE HAVASU CITY, ARIZONA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Reserved	\$ 510,785	\$ -	\$ -	\$ -
Unreserved	12,028,929	-	-	-
Nonspendable	-	461,612	349,232	280,021
Restricted	-	8,663	16,815	43,053
Committed	-	1,199,646	533,133	73,885
Assigned	-	2,708,530	-	1,705,874
Unassigned	-	8,616,221	14,476,034	17,920,187
Total General Fund	<u>\$ 12,539,714</u>	<u>\$ 12,994,672</u>	<u>\$ 15,375,214</u>	<u>\$ 20,023,020</u>
All Other Governmental Funds				
Reserved	\$ 161,447	\$ -	\$ -	\$ -
Unreserved, Reported in:				
Special Revenue Funds	2,951,892	-	-	-
Debt Service Funds	-	-	-	-
Capital Projects Funds	9,470,637	-	-	-
Total Unreserved	12,583,976	-	-	-
Nonspendable	-	116,394	123,655	126,163
Restricted	-	10,166,279	8,100,341	8,359,581
Committed	-	2,654,787	153,466	1,228,334
Assigned	-	496,230	3,028,968	2,010,336
Total All Other Governmental Funds	<u>\$ 12,583,976</u>	<u>\$ 13,433,690</u>	<u>\$ 11,406,430</u>	<u>\$ 11,724,414</u>

Notes: Beginning in FY 2011, GASB Statement No. 54 was implemented. See Note 1.D.10. of the Notes to Basic Financial Statements.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
285,386	244,483	244,483	227,087	9,224,831	374,462
68,775	79,848	79,848	108,473	140,783	200,369
398,755	95,764	95,764	58,712	28,614	-
2,122,957	1,413,446	1,413,446	7,468,453	2,680,187	4,049,451
23,222,099	25,280,515	25,280,515	31,008,000	27,377,087	34,519,442
<u>\$ 26,097,972</u>	<u>\$ 27,114,056</u>	<u>\$ 27,114,056</u>	<u>\$ 38,870,725</u>	<u>\$ 39,451,502</u>	<u>\$ 39,143,724</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
130,823	128,761	74,285	74,255	69,753	-
8,840,988	9,549,965	3,602,063	4,689,933	5,455,777	4,044,645
277,375	219,487	-	-	-	-
2,531,132	2,659,010	3,212,360	1,202,633	1,269,128	767,047
<u>\$ 11,780,318</u>	<u>\$ 12,557,223</u>	<u>\$ 6,888,708</u>	<u>\$ 5,966,821</u>	<u>\$ 6,794,658</u>	<u>\$ 4,811,692</u>

**LAKE HAVASU CITY, ARIZONA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2010	2011	2012	2013
<b>Revenues</b>				
Taxes	\$ 20,752,317	\$ 20,303,864	\$ 20,226,164	\$ 20,058,886
Intergovernmental	24,711,004	22,707,886	18,727,568	21,694,328
Fines and Forfeitures	1,486,805	1,368,057	1,309,072	1,344,452
Licenses and Permits	1,193,690	1,033,320	1,072,635	1,434,927
Charges for Services	931,886	817,168	803,069	1,233,163
Rents and Royalties	51,889	46,494	64,824	88,445
Contributions and Donations	6,939	142,715	112,576	117,678
Impact Fees	318,232	295,355	137,207	-
Special Assessments	68,996	66,283	65,357	-
Investment Earnings (Loss)	212,547	169,181	(53,402)	346,455
Other	224,576	337,648	119,827	426,502
Total Revenues	<u>49,958,881</u>	<u>47,287,971</u>	<u>42,584,897</u>	<u>46,744,836</u>
<b>Expenditures</b>				
General Government	9,320,011	9,511,503	9,806,857	10,971,201
Public Safety	20,448,619	21,230,032	20,867,623	23,587,259
Highways and Streets	3,821,793	4,418,689	4,522,249	4,721,183
Culture and Recreation	4,038,440	3,835,394	3,707,822	1,703,534
Transportation Services	1,605,268	1,847,708	1,649,359	1,570,998
Tourism and Promotion	1,356,746	1,389,473	1,496,155	1,484,639
Capital Outlay	1,187,425	3,345,613	2,288,782	3,278,455
Debt Service				
Principal Retirement	165,000	200,000	200,000	145,000
Interest on Long-Term Debt	115,351	108,188	99,411	92,090
Total Expenditures	<u>42,058,653</u>	<u>45,886,600</u>	<u>44,638,258</u>	<u>47,554,359</u>
Excess of Revenues Over (Under)				
Expenditures	7,900,228	1,401,371	(2,053,361)	(809,523)
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,395,347	2,210,751	4,160,552	6,837,490
Transfers Out	(4,272,742)	(2,364,436)	(2,907,963)	(2,738,038)
Sale of Capital Assets	-	-	-	-
Issuance of Debt	-	56,986	1,154,054	1,675,861
Total Other Financing Sources (Uses)	<u>(1,877,395)</u>	<u>(96,699)</u>	<u>2,406,643</u>	<u>5,775,313</u>
Net Change in Fund Balance	<u>\$ 6,022,833</u>	<u>\$ 1,304,672</u>	<u>\$ 353,282</u>	<u>\$ 4,965,790</u>
Debt Service as a Percentage of Noncapital Expenditures	0.7%	0.7%	0.7%	0.5%



Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 21,169,738	\$ 25,075,151	\$ 26,556,267	\$ 28,173,507	\$ 29,935,915	\$ 32,260,051
21,368,041	21,639,174	21,331,956	21,815,664	22,332,270	23,188,181
1,405,615	1,343,136	1,271,265	1,399,042	1,302,600	1,460,470
1,645,593	1,850,142	2,058,628	2,109,402	2,631,312	2,523,596
1,122,442	991,026	1,289,882	1,243,056	1,257,008	1,262,243
89,409	106,506	160,822	85,969	100,130	95,269
206,306	113,472	225,921	388,431	265,824	33,781
-	-	-	-	-	-
-	-	-	-	-	-
347,167	331,702	536,861	115,537	158,966	1,213,816
237,210	602,595	293,276	304,581	199,620	239,834
<u>47,591,521</u>	<u>52,052,904</u>	<u>53,724,878</u>	<u>55,635,189</u>	<u>58,183,645</u>	<u>62,277,241</u>
11,552,268	13,842,743	15,342,933	15,975,867	16,397,581	15,871,643
27,492,419	25,466,301	26,472,416	27,609,870	28,148,429	28,865,141
5,130,647	5,331,664	4,418,578	5,007,050	4,503,401	7,160,326
1,835,350	1,943,385	3,290,143	3,287,776	4,069,418	3,043,090
1,427,796	479,373	1,866,653	2,011,849	2,263,539	2,438,028
1,651,955	1,628,426	726,537	598,367	670,192	607,028
3,638,147	259,668	3,244,793	5,485,194	5,565,035	5,807,593
150,000	160,000	165,000	2,416,813	9,217,626	7,543,000
85,885	79,518	71,419	168,588	266,211	156,484
<u>52,964,467</u>	<u>49,191,078</u>	<u>55,598,472</u>	<u>62,561,374</u>	<u>71,101,432</u>	<u>71,492,333</u>
(5,372,946)	2,861,826	(1,873,594)	(6,926,185)	(12,917,787)	(9,215,092)
10,589,871	3,443,746	2,467,823	5,856,721	7,348,011	\$ 6,601,080
(2,961,494)	(4,512,583)	(6,994,555)	(1,897,778)	(5,635,610)	(2,086,814)
-	-	-	-	-	337,401
3,875,428	-	3,046,010	11,279,439	12,614,000	-
<u>11,503,805</u>	<u>(1,068,837)</u>	<u>(1,480,722)</u>	<u>15,238,382</u>	<u>14,326,401</u>	<u>4,851,667</u>
<u>\$ 6,130,859</u>	<u>\$ 1,792,989</u>	<u>\$ (3,354,316)</u>	<u>\$ 8,312,197</u>	<u>\$ 1,408,614</u>	<u>\$ (4,363,425)</u>
0.5%	0.5%	0.5%	4.6%	14.5%	12.4%



LAKE HAVASU CITY

**LAKE HAVASU CITY, ARIZONA  
GENERAL GOVERNMENT TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

<u>Fiscal Year</u>	<u>Sales Taxes</u>	<u>Property Taxes</u>	<u>Franchise Taxes</u>	<u>Transient Occupancy Tax</u>	<u>Bar and Restaurant Tax</u>	<u>Total</u>
2010	\$ 13,502,608	\$ 5,085,300	\$ 1,687,909	\$ 557,900	\$ 793,580	\$ 21,627,297
2011	13,675,865	4,201,614	1,722,878	550,922	836,299	20,987,578
2012	13,868,484	4,141,509	1,684,173	637,377	890,951	21,222,494
2013	13,945,753	4,195,266	1,705,943	626,398	812,347	21,285,707
2014	15,060,996	4,188,668	1,795,899	701,073	950,882	22,697,518
2015	17,455,153	4,332,703	2,300,347	674,532	953,894	25,716,629
2016	18,339,166	4,378,581	1,971,867	769,672	1,096,982	26,556,268
2017	19,739,030	4,404,669	2,017,919	846,536	1,165,323	28,173,477
2018	21,024,525	4,509,788	1,915,660	965,208	1,307,809	29,722,991
2019 (1)	22,901,113	4,663,797	1,920,789	1,112,282	1,362,260	31,960,241
Change, 2010-2019	69.6%	(8.3%)	13.8%	99.4%	71.7%	47.8%

Source: Lake Havasu City Arizona's Administrative Services Department.

Years 2010 - 2015 were adjusted to include Sales Tax paid in Development Agreements.

(1) 2019 Revenue Recognition change resulting in 13 months recorded for Sales Tax, Transient Occupancy Tax, and Bar and Restaurant Tax.

**LAKE HAVASU CITY, ARIZONA  
TAXABLE SALES BY CATEGORY  
LAST TEN FISCAL YEARS**

Sales Category	Fiscal Year			
	2010	2011	2012	2013 Restated <sup>(2)</sup>
Mining	\$ 957,338	\$ 679,224	\$ 947,593	\$ 1,114,700
Communications & Utilities	43,187,392	44,157,693	43,354,901	32,645,950
Transportation & Warehousing	610,037	476,664	287,021	425,100
Construction	59,267,145	69,777,264	60,465,951	69,294,750
Manufacturing	25,263,121	22,203,330	25,536,642	26,772,800
Wholesale Trade	10,438,461	10,563,544	14,791,777	16,101,650
Retail Trade	368,767,470	367,590,435	384,360,559	407,590,250
Finance & Insurance	1,295,523	868,042	958,820	1,267,800
Real Estate, Rental & Leasing	13,903,727	15,116,990	13,944,336	16,928,100
Restaurant & Bars	55,204,958	57,201,379	59,414,264	62,593,716
Hotels & Other Lodging (1)	28,709,923	26,843,295	28,080,440	26,672,157
Public Administration	318,627	(185,615)	83,740	(32,000)
Services	23,674,619	22,870,852	26,771,435	29,469,450
Arts & Entertainment	7,783,062	7,176,416	6,590,677	7,156,600
All Others	11,544,005	16,950,308	16,782,553	13,789,750
Total	<u>\$ 650,925,408</u>	<u>\$ 662,289,821</u>	<u>\$ 682,370,709</u>	<u>\$ 711,790,773</u>
City Sales Tax Rate	2.00%	2.00%	2.00%	2.00%

- (1) In fiscal year 2011-12 the Arizona Department of Revenue took over collections of Transient Occupancy Tax. This was previously collected in-house by Lake Havasu City and is not reflected in fiscal years 2008-2011.
- (2) The activity for FY 2013 was restated due to the 3% collections for Transient Occupancy Tax initiated and processed by the Arizona Department of Revenue were corrected.

Source: Arizona Department of Revenue

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,112,000	\$ 1,539,450	\$ 1,708,250	\$ 2,351,089	\$ 2,274,357	\$ 2,519,476
42,705,200	41,628,700	41,243,550	36,642,489	33,101,742	32,409,112
660,650	407,250	372,950	408,394	488,668	737,935
81,212,300	81,495,650	85,126,250	93,900,227	108,450,217	131,951,987
21,970,500	26,450,800	29,052,200	32,292,489	39,004,853	38,916,514
16,867,550	21,172,150	23,939,750	27,145,541	33,772,249	37,818,963
452,488,100	489,855,200	526,714,900	554,328,385	603,875,999	654,925,117
1,654,700	2,187,300	2,864,863	3,485,585	4,495,740	8,458,814
18,065,200	17,439,600	20,921,894	24,994,406	24,913,322	32,877,200
68,661,174	75,714,800	77,120,226	86,047,388	94,102,759	112,240,738
24,140,964	32,229,300	34,435,303	30,474,980	31,429,781	33,938,173
30,250	(55,850)	24,200	43,335	61,107	55,284
33,204,800	34,146,000	38,102,900	44,536,621	50,494,285	60,253,406
6,481,000	6,178,200	7,010,700	6,558,631	4,576,606	4,331,793
15,735,850	19,215,750	14,640,350	31,837,182	19,713,969	10,889,644
<u>\$ 784,990,238</u>	<u>\$ 849,604,300</u>	<u>\$ 903,278,286</u>	<u>\$ 975,046,742</u>	<u>\$ 1,050,755,654</u>	<u>\$ 1,162,324,156</u>
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%



LAKE HAVASU CITY

**LAKE HAVASU CITY, ARIZONA  
DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS  
RATES AS OF JUNE 30, 2019**

<u>Fiscal Year</u>	<u>City Sales Tax</u>	<u>City Restaurant and Bar Tax</u>	<u>(2) City Transient Occupancy Tax</u>	<u>(1) Mohave County</u>	<u>(1) State of Arizona</u>
2010	2.00	1.00	3.00	0.25	5.60
2011	2.00	1.00	3.00	0.25	6.60
2012	2.00	1.00	3.00	0.25	6.60
2013	2.00	1.00	3.00	0.25	6.60
2014	2.00	1.00	3.00	0.25	5.60
2015	2.00	1.00	3.00	0.25	5.60
2016	2.00	1.00	3.00	0.25	5.60
2017	2.00	1.00	3.00	0.25	5.60
2018	2.00	1.00	3.00	0.25	5.60
2019	2.00	1.00	3.00	0.25	5.60

(1) For most Business Classifications. Shown here is the retail rate.

The state Tax rate increased on 6/1/2010 and decreased 6/1/2013 due to approval from the voters in the May 2010 election.

(2) The State of Arizona began collecting the Transient Occupancy Tax on February 1, 2012.

Source: Arizona Department of Revenue ([www.azdor.gov](http://www.azdor.gov)) and Arizona Secretary of State ([www.azsos.gov](http://www.azsos.gov))

**LAKE HAVASU CITY, ARIZONA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year		Real Property		Personal Property	
		Net Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value
2010	P	\$ 825,515,085	\$ 6,795,625,244	\$ 16,137,850	\$ 85,087,121
	S	911,190,948	7,429,703,446	16,137,850	85,087,121
2011	P	687,352,145	5,655,648,551	14,778,091	80,768,628
	S	697,590,433	5,725,231,881	14,778,091	80,768,628
2012	P	553,723,386	4,632,576,319	10,215,877	58,066,238
	S	557,526,241	4,660,114,966	10,215,877	58,066,238
2013	P	549,921,360	4,642,019,040	13,932,103	79,171,973
	S	559,962,410	4,720,897,913	13,932,103	79,171,973
2014	P	552,871,353	4,686,326,717	13,209,135	77,033,222
	S	561,609,279	4,754,265,718	13,209,135	77,033,222
2015	P	558,881,781	4,801,310,125	12,490,419	74,105,983
	S	565,654,277	4,853,951,631	12,490,419	74,105,983
2016	P	580,873,455	4,953,980,283	11,256,533	68,368,831
	S	631,446,060	5,408,433,386	11,729,600	71,080,139
2017	P	608,965,019	5,383,479,500	11,006,278	68,939,771
	S	735,626,275	6,505,033,461	13,130,484	81,892,063
2018	P	644,785,568	5,713,125,000	10,822,569	68,018,116
	S	795,548,110	7,037,744,217	13,002,829	81,282,567
2019	P	683,335,499	6,058,719,068	11,292,683	71,032,975
	S	857,950,789	7,594,781,582	14,040,294	88,050,737

Source: Mohave County Assessor

Under Arizona law, there are two primary valuation bases: Primary (P) and Secondary (S).

Note: This section does not include valuations on property owned by the State of Arizona, the United States Government, the City, and other entities not subject to taxation.



Total			
Net Assessed Value	Estimated Actual Value	Direct Tax Rate	Ratio of Total Assessed Value to Total Estimated Actual Value
\$ 841,652,935	\$ 6,880,712,365	0.5834	12.23
927,328,798	7,514,790,567	-	plus \$ 156.78 per acre
702,130,236	5,736,417,179	0.5834	12.24
712,368,524	5,806,000,509	-	plus \$ 212.75 per acre
563,939,263	4,690,642,557	0.7264	12.02
567,742,118	4,718,181,204	-	plus \$ 268.85 per acre
563,853,463	4,721,191,013	0.7332	11.94
573,894,513	4,800,069,886	-	plus \$ 268.85 per acre
566,080,488	4,763,359,939	0.7381	11.88
574,818,414	4,831,298,940	-	plus \$ 268.85 per acre
571,372,200	4,875,416,108	0.7408	11.72
578,144,696	4,928,057,614	-	plus \$ 268.85 per acre
592,129,988	5,022,349,114	0.7235	11.79
643,175,660	5,479,513,525	-	plus \$ 268.85 per acre
619,971,297	5,452,419,271	0.7000	11.37
748,756,759	6,586,925,524	-	plus \$ 268.85 per acre
655,608,137	5,781,143,116	0.6718	11.34
808,550,939	7,119,026,784	-	plus \$ 268.85 per acre
694,628,182	6,129,752,043	0.6718	11.33
871,991,083	7,682,832,319	-	plus \$ 268.85 per acre

**LAKE HAVASU CITY, ARIZONA  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year		City Direct Rate			Special Districts			
		Operating Rate	Debt Service Rate	Total City Rate	Irrigation Drainage District	Sanitary District	Improvement District #1	Improvement District #2
2010	P	0.5834	-	0.5834	-	-	-	-
	S	-	-	-	\$ 156.78/acre	-	0.4769	0.4661
2011	P	0.5834	-	0.5834	-	-	-	-
	S	-	-	-	\$ 212.75/acre	-	-	0.2719
2012	P	0.7264	-	0.7264	-	-	-	-
	S	-	-	-	\$ 268.85/acre	-	-	0.1905
2013	P	0.7332	-	0.7332	-	-	-	-
	S	-	-	-	\$ 268.85/acre	-	-	0.1942
2014	P	0.7381	-	0.7381	-	-	-	-
	S	-	-	-	\$ 268.85/acre	-	-	0.4059
2015	P	0.7408	-	0.7408	-	-	-	-
	S	-	-	-	\$268.85/acre	-	-	0.6014
2016	P	0.7235	-	0.7235	-	-	-	-
	S	-	-	-	\$268.85/acre	-	-	0.8502
2017	P	0.7000	-	0.7000	-	-	-	-
	S	-	-	-	\$268.85/acre	-	-	0.8585
2018	P	0.6718	-	0.6718	-	-	-	-
	S	-	-	-	\$268.85/acre	-	-	0.8349
2019	P	0.6718	-	0.6718	-	-	-	-
	S	-	-	-	\$268.85/acre	-	-	0.7740

Special Districts			Overlapping Rates				
Improvement District #3	Improvement District #4	Improvement District #5	Total County Rate	Total School Rate	Total State Rate	Rate Total	
-	-	-	1.2637	2.7367	0.3306	4.9144	
-	0.3153	-	1.0103	0.8410	-	3.1096	plus \$156.78/acre
-	-	-	1.4637	2.7462	0.3564	5.1497	
-	0.4925	-	1.0103	0.8978	-	2.6725	plus \$212.75/acre
-	-	-	1.8196	3.3785	0.4259	6.3504	
-	0.6095	-	1.0103	0.9888	-	2.7991	plus \$268.85/acre
-	-	-	1.8196	3.2644	0.4717	6.2889	
-	0.5872	-	1.0103	0.7828	-	2.5745	plus \$268.85/acre
-	-	-	1.8196	3.1962	0.5123	6.2662	
-	0.6458	-	1.0103	0.7828	-	2.8448	plus \$268.85/acre
-	-	-	1.8196	4.1683	0.5089	7.2376	
-	0.6762	-	0.9936	0.7297	-	3.0009	plus \$268.85/acre
-	-	-	1.9696	4.0121	0.5054	7.2106	
-	0.6941	-	0.7436	0.0000	-	2.2879	plus \$268.85/acre
-	-	-	1.9696	3.9873	0.5010	7.1579	
-	0.7158	-	0.7436	0.0000	-	2.3179	plus \$268.85/acre
-	-	-	1.9696	3.6727	-	6.3141	
-	0.5456	-	0.7916	0.8660	0.4875	3.5256	plus \$268.85/acre
-	-	-	1.9696	3.1334		5.7748	
-	0.5040	-	0.8916	0.8361	0.4740	3.4797	plus \$268.85/acre

**LAKE HAVASU CITY, ARIZONA  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT AND NINE YEARS AGO**

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Unisource Energy Corporation	\$ 11,171,137	1	1.61%	\$ 8,977,440	1	1.26%
PHC Lake Havasu Inc	4,738,121	2	0.68%	6,382,916	2	0.90%
PF Opportunity Fund LLC	2,609,174	3	0.38%			0.00%
Wal mart Stores Inc	2,145,644	4	0.31%	2,089,273	6	
Citizen's Rural Division	2,002,176	5	0.29%	4,843,370	4	0.68%
Island Development Group LLC	1,562,169	6	0.22%			
Lowes HIW Inc	1,544,702	7	0.22%			0.00%
Grace Lake Havasu LLC	1,153,095	8	0.17%	1,650,692	9	
Mickel Havasu LLC	1,141,089	9	0.16%			
Havasu Regional Medical Center	1,128,010	10	0.16%	1,713,794	7	
Shops at Lake Havasu City LLC			0.00%	8,034,495	2	1.13%
Sterilite Corporation			0.00%	2,123,785	5	0.30%
London Bridge Resort				1,693,394	8	
KKO Development			0.00%	1,637,465	10	0.23%
Totals	<u>\$ 29,195,317</u>		<u>4.20%</u>	<u>\$ 39,146,624</u>		<u>4.50%</u>
Net Assessed Value	\$ 694,628,182			\$ 712,368,524		

Source: Mohave County Assessor.

Note: Above taxable assessed valuations are as of 1/1/2018 and 2009, respectively, and the associated tax levies were due in fiscal years ended June 30, 2019 and 2010, respectively.

**LAKE HAVASU CITY, ARIZONA  
PROPERTY TAX LEVIES AND COLLECTIONS<sup>(1)</sup>  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Adjusted Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2010	\$ 4,883,826	\$ 4,701,200	96.26 %	\$ 182,562	\$ 4,883,762	100.00 %
2011	4,076,711	3,952,993	96.97	123,330	4,076,323	99.99
2012	4,076,846	3,965,111	97.26	111,255	4,076,366	99.99
2013	4,124,313	4,011,502	97.26	112,480	4,123,982	99.99
2014	4,151,317	4,032,532	97.14	118,452	4,150,984	99.99
2015	4,227,640	4,135,746	97.83	91,769	4,227,515	100.00
2016	4,281,108	4,194,139	97.97	86,854	4,280,993	100.00
2017	4,337,881	4,255,053	98.09	82,444	4,337,497	99.99
2018	4,403,495	4,320,370	98.11	82,583	4,402,953	99.99
2019	4,665,788	4,576,135	98.08	-	4,576,135	98.08

(1) Mohave County is responsible for assessing and collecting property taxes.

**LAKE HAVASU CITY, ARIZONA  
IRRIGATION AND DRAINAGE DISTRICT<sup>(1)</sup>  
PROPERTY TAX LEVIES AND COLLECTIONS<sup>(2)</sup>  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Adjusted Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2010	\$ 3,307,898	\$ 3,167,426	95.75 %	\$ 140,080	\$ 3,307,506	99.99 %
2011	4,488,568	4,330,276	96.47	157,228	4,487,504	99.98
2012	5,671,440	5,408,979	95.37	260,982	5,669,961	99.97
2013	5,666,126	5,409,765	95.48	254,882	5,664,647	99.97
2014	5,665,838	5,442,107	96.05	222,252	5,664,359	99.97
2015	5,665,834	5,517,668	97.38	146,687	5,664,355	99.97
2016	5,665,562	5,521,460	97.46	142,623	5,664,083	99.97
2017	5,701,188	5,572,372	97.74	127,048	5,699,420	99.97
2018	5,701,995	5,573,862	97.75	125,982	5,699,844	99.96
2019	5,695,066	5,568,222	97.77	-	5,568,222	97.77

(1) Lake Havasu Irrigation and Drainage District was organized on September 30, 1963. The District was to be dissolved in fiscal year 2004 upon the retirement of all outstanding obligations of the District. However, on February 1, 1993, \$4,120,000 in general obligation refunding bonds were issued. The District will be dissolved in fiscal year 2023 upon the retirement of this general obligation debt.

(2) Mohave County is responsible for assessing and collecting property taxes.

**LAKE HAVASU CITY, ARIZONA**  
**IMPROVEMENT DISTRICT NO. 1 – SPECIAL ASSESSMENT<sup>(1)</sup>**  
**PROPERTY TAX LEVIES AND COLLECTIONS<sup>(2)</sup>**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Adjusted Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2010	\$ 149,612	\$ 145,722	97.40 %	\$ 3,890	\$ 149,612	100.00 %
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-

(1) On July 1, 1998, the operation and maintenance of the Improvement Districts became the responsibility of Lake Havasu City, Arizona instead of Mohave County. Improvement District No. 1 operates the gas lights in the golf course area tracts. This Improvement District was dissolved on April 13, 2010.

(2) Mohave County is responsible for assessing and collecting property taxes.

**LAKE HAVASU CITY, ARIZONA  
IMPROVEMENT DISTRICT NO. 2 – SPECIAL ASSESSMENT<sup>(1)</sup>  
PROPERTY TAX LEVIES AND COLLECTIONS<sup>(2)</sup>  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Adjusted Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2010	\$ 15,006	\$ 14,057	93.68 %	\$ 949	\$ 15,006	100.00 %
2011	8,066	7,275	90.19	791	8,066	100.00
2012	3,826	3,647	95.32	179	3,826	100.00
2013	3,966	3,589	90.49	377	3,966	100.00
2014	8,001	7,419	92.73	582	8,001	100.00
2015	10,771	10,035	93.17	736	10,771	100.00
2016	15,115	14,721	97.39	394	15,115	100.00
2017	15,470	15,269	98.70	201	15,470	100.00
2018	16,002	15,851	99.06	151	16,002	100.00
2019	16,016	15,932	99.48	-	15,932	99.48

(1) On July 1, 1998, the operation and maintenance of the Improvement Districts became the responsibility of Lake Havasu City, Arizona instead of Mohave County. Improvement District No. 2 maintains and operates the parking lot, utilities, landscaping and related capital improvements in the London Bridge Shopping Center.

(2) Mohave County is responsible for assessing and collecting property taxes.



**LAKE HAVASU CITY, ARIZONA  
IMPROVEMENT DISTRICT NO. 4 – SPECIAL ASSESSMENT<sup>(1)</sup>  
PROPERTY TAX LEVIES AND COLLECTIONS<sup>(2)</sup>  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy			Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Adjusted Levy			Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2010	\$ 54,981	\$ 54,003	98.22 %		\$ 978	\$ 54,981	100.00
2011	68,435	67,831	99.12		604	68,435	100.00
2012	68,649	68,007	99.06		642	68,649	100.00
2013	67,980	65,770	96.75		2,210	67,980	100.00
2014	74,937	73,649	98.28		1,288	74,937	100.00
2015	71,253	69,229	97.16		2,023	71,252	100.00
2016	69,020	67,571	97.90		1,450	69,021	100.00
2017	71,664	69,292	96.69		2,372	71,664	100.00
2018	57,032	54,400	95.39		2,632	57,032	100.00
2019	57,324	55,768	97.29		-	55,768	97.29

(1) On July 1, 1998, the operation and maintenance of the Improvement Districts became the responsibility of Lake Havasu City, Arizona instead of Mohave County. Improvement District No. 4 maintains the gas lights on Civic Center Boulevard and median landscaping on McCulloch Boulevard from Smoketree to Lake Havasu Avenue.

(2) Mohave County is responsible for assessing and collecting property taxes.

**LAKE HAVASU CITY, ARIZONA  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities					
	Special Assessment Bonds	Revenue Bonds	Capital Leases	Sewer Bonds		Irrigation and Drainage District	Airport	General Obligation Bonds	Capital Leases
2010	\$ 125,000	\$ 2,510,000	\$ 1,951,828	\$ 276,829,369	(1)	\$ 5,253,043	\$ -	\$ 135,000	\$ 812,444
2011	60,000	2,375,000	1,181,330	306,508,389	(1)	5,074,148	-	125,000	422,469
2012	-	2,235,000	1,610,207	306,394,210	(1)	4,728,052	-	115,000	1,432,240
2013	-	2,090,000	2,786,873	296,762,325	(1)	4,496,819	-	105,000	1,795,066
2014	-	1,940,000	5,931,270	288,268,940	(1)	4,131,389	-	95,000	1,683,448
2015	-	1,780,000	5,064,524	276,299,222	(1)	5,436,978	-	80,000	1,581,455
2016	-	1,615,000	8,115,676	244,601,444	(1)	5,398,622	-	70,000	369,352
2017	-	10,477,626	6,705,608	239,070,575	(1)	4,389,305	3,960	60,000	340,583
2018	-	13,874,000	3,626,109	233,291,955	(1)	5,624,550	-	50,000	-
2019	-	6,331,000	2,799,105	215,622,904	(1)	5,191,639	-	40,000	-

(1) Net of related premium

(2) Unable to calculate Percentage of Personal Income without Per Capita Income, which is unavailable for 2015.

Total Primary Government	Percentage of Personal Income	Per Capita
\$ 287,616,684	24.11	\$ 5,182
315,746,336	22.65	6,011
316,514,709	23.94	6,040
308,036,083	21.15	5,843
302,050,047	21.26	5,709
290,242,179	N/A	5,456
245,913,082	19.01	4,589
261,047,657	18.91	4,599
256,466,614	17.12	4,442
229,984,648	14.68	4,136



LAKE HAVASU CITY

**LAKE HAVASU CITY, ARIZONA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2019**

<u>Governmental Unit</u>	<u>Outstanding Debt</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Overlapping debt</b>			
Lake Havasu Unified School District No. 1	\$ 13,315,000	91%	12,064,722
<b>City Direct Debt</b>			
Lake Havasu City Excise Tax - Series 2017	6,331,000	100%	6,331,000
Lake Havasu City Capital Leases	2,799,105	100%	2,799,105
Lake Havasu City, Arizona Direct Debt			<u>9,130,105</u>
Total Direct and Overlapping Debt			<u><u>\$ 21,194,827</u></u>

(1) Overlapping governments are those that coincide, at least in part with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lake Havasu City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**LAKE HAVASU CITY, ARIZONA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b><u>20% Limitation (1)</u></b>				
Debt Limit	\$ 185,465,760	\$ 142,473,705	\$ 113,548,424	\$ 114,778,903
Total Net Debt Applicable to 20% Limit (Restated to Account for Amount Set Aside for Repayment of Debt)	<u>155,003,212</u>	<u>146,343,638</u>	<u>140,427,574</u>	<u>136,101,397</u>
Legal Debt Margin (Available Borrowing Capacity)	<u>\$ 30,462,548</u>	<u>\$ (3,869,933)</u>	<u>\$ (26,879,150)</u>	<u>\$ (21,322,494)</u>
 Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	 83.58%	 102.72%	 123.67%	 118.58%
<b><u>6% Limitation (2)</u></b>				
Debt Limit	\$ 55,639,728	\$ 42,742,111	\$ 34,064,527	\$ 34,433,671
Total Net Debt Applicable to 6% Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin (Available Borrowing Capacity)	<u>\$ 55,639,728</u>	<u>\$ 42,742,111</u>	<u>\$ 34,064,527</u>	<u>\$ 34,433,671</u>
 Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	 -	 -	 -	 -

(1) Additional bonds amounting to 20% of the assessed valuation of taxable property can be issued for supplying such services as water, artificial light, or sewers, when the works for supplying such water, light, or sewers are or shall be owned and controlled by the municipality, and for the acquisition and development by the incorporated city or town of land or interest therein for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency service facilities and streets and transportation facilities.

(2) The Arizona Constitution states that for general municipal purposes a municipality cannot incur a debt exceeding 6% of the assessed valuation of taxable property.

(3) Beginning in fiscal year 2016, the primary (limited assessed valuation) is to be used by cities when levying for maintenance and operation and for debt retirement. Prior to that date, the secondary (full cash) assessed valuation was used when levying for debt retirement, voter approved budget overrides, and maintenance and operation of special services districts.

<u>2014</u>	<u>2015</u>	<u>2016 (3)</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 114,963,683	\$ 115,628,939	\$ 118,382,799	\$ 123,962,603	\$ 131,121,627	\$ 138,925,636
<u>126,686,249</u>	<u>120,719,896</u>	<u>98,935,166</u>	<u>123,962,603</u>	<u>124,822,644</u>	<u>114,582,649</u>
<u>\$ (11,722,566)</u>	<u>\$ (5,090,957)</u>	<u>\$ 19,447,633</u>	<u>\$ -</u>	<u>\$ 6,298,983</u>	<u>\$ 24,342,987</u>
110.20%	104.40%	83.57%	100.00%	95.20%	82.48%
\$ 34,489,105	\$ 34,688,682	\$ 35,514,840	\$ 37,188,781	\$ 39,336,488	\$ 41,677,691
<u>-</u>	<u>-</u>	<u>13,661,633</u>	<u>874,481</u>	<u>-</u>	<u>-</u>
<u>\$ 34,489,105</u>	<u>\$ 34,688,682</u>	<u>\$ 21,853,207</u>	<u>\$ 36,314,300</u>	<u>\$ 39,336,488</u>	<u>\$ 41,677,691</u>
-	-	-	-	-	-



LAKE HAVASU CITY



**LAKE HAVASU CITY, ARIZONA  
CALCULATION OF LEGAL DEBT MARGIN  
JUNE 30, 2019**

Net Secondary Assessed Valuation (1)		<u><u>\$ 694,628,182</u></u>
<div style="text-align: center;"> <u>Water, Sewer, Light, Parks, Open Space Preserves, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire and Emergency Facilities, and Streets and Transportation Facilities</u> </div>		
Debt Limit - 20% of Secondary Net Assessed Valuation		138,925,636
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ 117,362,904	
Plus: Excess Premium (2)	7,225,681	
Less Amount Set Aside for Repayment of Debt	<u>(10,005,936)</u>	
Net Debt Applicable to Limit		<u>114,582,649</u>
20% Legal Debt Margin		<u>24,342,987</u>
<div style="text-align: center;"> <u>All Other General Obligation Bonds</u> </div>		
Debt Limit - 6% of Secondary Net Assessed Valuation		41,677,691
Debt Applicable to Limit		
General Obligation Bonds Outstanding	<u>-</u>	
Less Amount Set Aside for Repayment of Debt	<u>-</u>	
Net Debt Applicable to Limit		<u>-</u>
All Other General Obligation Bonds Debt Margin		<u>41,677,691</u>
Total Legal Debt Margin		<u><u>\$ 66,020,678</u></u>

(1) Source: Mohave County Assessor's Office.

(2) A change in state law ARS 15-10244 requires the Excess Premium to be added to the debt subject to the legal margin.

**LAKE HAVASU CITY, ARIZONA  
PLEDGED-REVENUE COVERAGE  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

Fiscal Year	Excise Tax Revenue Bonds (1)				Special Assessment Bonds (2)				
	Excise Tax (1)	Debt Service Principal	Debt Service Interest	Coverage	Special Assessment Collections (2)	Debt Service Principal	Debt Service Interest	Coverage	
2010	\$ 27,395,795	105,000	\$ 106,675	129.42	\$ 68,996	\$ 60,000	\$ 7,944	1.02	
2011	25,979,260	135,000	102,700	109.29	66,283	65,000	4,741	0.95	
2012	25,248,684	140,000	97,229	106.43	65,357	60,000	1,538	1.06	
2013	26,526,205	145,000	91,446	112.19	-	-	-	-	
2014	27,854,065	150,000	85,463	118.30	-	-	-	-	
2015	32,724,861	160,000	79,096	136.87	-	-	-	-	
2016	34,752,074	165,000	70,997	147.26	-	-	-	-	
2017	36,640,972	175,000	63,896	153.38	-	-	-	-	
2018	39,320,608	180,000	56,657	166.15	-	-	-	-	
2019	43,528,759	1,260,000	3,529	34.45					

(1) Excise Tax revenues are pledged for the Excise Tax Bonds. Prior to FY 2005 the revenues were pledged for both the Municipal Property Corporation Bonds and Excise Tax Bonds.

(2) D7 Special Assessment Bonds were retired in Fiscal Year 2011-12.

(3) Excise Tax revenues are pledged for the 2016 Excise Tax Bonds and include the City's sales and transaction privilege taxes.

(4) Excise Tax revenues are pledged for the 2017 Excise Tax Bonds and include the City's sales and transaction privilege taxes.

Excise Tax Revenue Bonds (3) (4)

<u>Excise Tax (3)</u>	<u>Debt Service Principal</u>	<u>Debt Service Interest</u>	<u>Coverage</u>
\$ -	\$ -	\$ -	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
21,750,889	2,596,000	179,418	7.84
23,297,543	9,760,000	209,554	2.34
25,375,655	6,283,000	152,955	3.94

**LAKE HAVASU CITY, ARIZONA  
PLEDGED-REVENUE COVERAGE  
ENTERPRISE FUNDS  
LAST TEN FISCAL YEARS**

Fiscal Year	Sewer Revenue Bonds					
	(1) Operating Revenue	(2) Plus: (3) Rate Stabilization	Less: Operating Expenses (5)	Net Available Revenue for SR Debt	Senior Debt Principal	Senior Debt Interest
2010	\$ 26,810,286	\$ 5,000,000	\$ 6,710,135	\$ 25,100,151	\$ 5,083,762	\$ 2,683,741
2011	31,765,529	6,500,000	7,409,668	30,855,861	3,244,183	3,557,825
2012	23,380,304	6,500,000	6,303,028	23,577,276	5,249,416	4,226,331
2013	23,072,178	6,500,000	6,705,193	22,866,985	5,404,372	4,220,890
2014	23,635,466	6,500,000	7,134,366	23,001,100	5,572,168	4,839,966
2015	23,722,951	6,500,000	7,034,913	23,188,038	5,046,707	3,957,947
2016	23,036,455	4,500,000	7,167,020	20,369,435	5,172,561	3,797,164
2017	22,573,416	4,500,000	7,384,401	19,689,015	5,646,925	9,261,169
2018	22,292,478	4,500,000	6,538,010	20,254,468	4,457,846	9,104,667
2019	24,165,448	4,500,000	7,310,706	21,354,742	4,616,758	8,940,868

	Water Revenue Bonds					
	(1) Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2010	\$ 11,081,387	\$ 7,890,122	\$ 3,191,265	\$ 218,535	\$ 169,680	8.22
2011	10,898,753	8,080,253	2,818,500	225,842	185,363	6.85
2012	12,158,839	7,558,432	4,600,407	356,095	177,258	8.63
2013	11,797,191	7,503,781	4,293,410	357,328	161,868	8.27
2014	13,193,838	7,833,935	5,359,903	368,929	153,481	10.26
2015	10,585,562	7,488,995	3,096,567	380,912	168,371	5.64
2016	10,626,559	8,281,913	2,344,646	403,288	174,345	4.06
2017	10,874,475	8,410,995	2,463,480	825,345	158,600	2.50
2018	12,089,482	9,718,349	2,371,133	-	174,058	13.62
2019	12,479,099	8,609,869	3,869,230	432,912	166,315	6.46

(1) Includes investment income and contributed capital.

(2) In May 2007 City Council approved Resolution No. 07-2160 pledging a rate stabilization fund in the amount of \$5 million for debt coverage to ensure loan covenant requirements are met. In December 2010 Council approved Resolution No. 10-2505 increasing the rate stabilization fund by \$1.5 million for a total rate stabilization fund of \$6.5 million for additional pledged coverage.

(3) Rate Stabilization Fund was reduced to \$4.5 million as part of wastewater debt restructuring.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Bond covenants may include revenue for purposes of debt service coverage.

Sewer Revenue Bonds

Total Senior Debt Service	(2) Senior Debt Coverage	Net Available Revenue for Junior Debt	Junior Debt Principal	Junior Debt Interest	Total Junior Debt Service	(2) (4) Junior Debt Coverage
\$ 7,767,503	3.23	\$ 17,332,648	\$ 2,285,358	\$ 5,993,530	\$ 8,278,888	2.09
6,802,008	4.54	24,053,853	3,308,953	6,210,561	9,519,514	2.53
9,475,747	2.49	14,101,529	3,120,546	6,117,489	9,238,035	1.53
9,625,262	2.38	13,241,723	4,566,798	5,980,474	10,547,272	1.26
10,412,134	2.21	12,588,966	4,694,038	5,839,593	10,533,631	1.20
9,004,654	2.58	14,183,384	4,922,593	5,691,546	10,614,139	1.34
8,969,725	2.27	11,399,710	5,182,509	2,727,094	7,909,603	1.44
14,908,094	1.32	4,780,921	-	-	-	n/a
13,562,513	1.49	6,691,955	-	-	-	n/a
13,557,626	1.58	7,797,116	-	-	-	n/a

**LAKE HAVASU CITY, ARIZONA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Population	(5) Personal Income	(2) Per Capita Personal Income	(2) Median Age	(3) School Enrollment	(4) Unemployment Rate
2010	55,502	\$ 1,192,960,000	\$ 21,494	47.8	6,163	8.1 %
2011	52,527	1,394,014,000	26,539	51.4	5,833	8.3
2012	52,406	1,321,889,000	25,224	50.2	5,677	10.3
2013	52,720	1,456,548,000	27,628	50.7	5,622	10.7
2014	52,908	1,420,686,000	26,852	51.0	5,561	9.4
2015	53,193	N/A	N/A	51.4	5,559	7.6
2016	53,583	1,293,279,000	24,136	52.2	5,488	7.0
2017	53,796	1,307,942,000	24,313	53.0	5,385	5.2
2018	54,801	1,422,141,000	25,951	54.0	5,404	4.9
2019	55,600	1,566,530,000	28,175	54.0	4,925	5.0

(1) Fiscal year 2011 from the U.S. Census.

All other years from the Arizona Economic Estimates Commission and the Arizona Office of Employment and Population Statistics [www.azstats.gov](http://www.azstats.gov)

(2) Demographics Now estimates used until 2014. Per Capita Personal Income unavailable for 2015. U.S. Census Bureau used for per capita income.

Began using report from Mohave County Economic Development in 2015 for Median Age.

(3) Lake Havasu Unified School District No. 1

(4) Fiscal year 2012 to present Arizona Department of Administration, Office of Employment & Population Statistics.

All other years from Arizona Workforce Informer.

(5) Unable to calculate Personal Income without Per Capita Income, which is unavailable for 2015.

**LAKE HAVASU CITY, ARIZONA  
PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO**

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (1)
Havasu Regional Medical Center	715	1	2.78%	615	3	2.48%
Lake Havasu City	646	2	2.51%	642	2	2.59%
Lake Havasu School District	568	3	2.21%	670	1	2.70%
Sterilite Corporation	377	4	1.47%	425	4	1.71%
Shugrue's Restaurants	325	5	1.26%	200	6	0.81%
Walmart	320	6	1.24%	300	5	1.21%
London Bridge Resort	250	7	0.97%	180	8	0.73%
Anderson Auto Group	250	8	0.97%			
Bashas' (2 locations)	225	9	0.88%	186	7	0.75%
River Medical	130	10	0.51%	150	10	0.60%
Mohave Community College				169	9	0.68%
Total	<u>3,806</u>		<u>14.80%</u>	<u>3,537</u>		<u>14.26%</u>
Total Employees in Lake Havasue City	25,710 (1b)			24,808 (1a)		

Source: Lake Havasu Partnership for Economic Development.

(1a) Arizona Workforce Informer.

(1b) Arizona Department of Administration-Office of Employment and Population Statistics [www.azstats.gov/laus-data-query-tool/](http://www.azstats.gov/laus-data-query-tool/)

**LAKE HAVASU CITY, ARIZONA  
FULL-TIME POSITIONS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Authorized Position as of Fiscal Year Ended					
	2010	2011	2012	2013	2014	2015
General Government	70.0	62.0	59.0	67.0	71.0	71.0
Community Investment (4)	25.0	22.0	21.0	19.0	13.0	16.0
Public Safety						
Police	123.0	123.0	116.0	117.0	121.0	121.0
Fire	85.0	93.0	86.0	85.0	85.0	85.0
Operations						
Administration/Engineering (3)	22.0	17.0	18.0	19.0	4.0	3.0
Airport	5.0	5.0	5.0	2.0	2.0	2.0
Maintenance Services (2)	N/A	N/A	N/A	N/A	54.0	54.0
Transportation	15.0	15.0	14.0	12.0	11.0	N/A
Street Maintenance	29.5	31.0	30.0	25.0	N/A	N/A
Buildings and Grounds (1)	N/A	N/A	N/A	28.0	N/A	N/A
Vehicle Maintenance	8.5	8.0	9.0	7.0	8.0	9.0
Wastewater	26.0	26.0	26.0	24.0	28.0	29.0
Water	39.0	43.0	42.0	38.0	39.0	39.0
Culture and Recreation (1)	39.0	39.0	34.0	6.0	9.0	9.0
Total	<u>487.0</u>	<u>484.0</u>	<u>460.0</u>	<u>449.0</u>	<u>445.0</u>	<u>438.0</u>

(1) Parks Division moved from Culture and Recreation to Operations-Building and Grounds

(2) Street Maintenance and Buildings and Grounds moved to Operations-Maintenance Services

(3) Operations- Engineering moved to Community Investment in 2014

Source: Lake Havasu City, Arizona's Administration Services.



Authorized Position as of Fiscal Year Ended			
2016	2017	2018	2019
74.0	74.0	75.0	75.0
16.0	26.0	27.0	26.0
121.0	121.0	122.0	122.0
85.0	85.0	85.0	86.0
3.0	2.0	3.0	3.0
2.0	2.0	2.0	4.0
53.0	53.0	53.0	51.0
N/A	N/A	N/A	N/A
N/A	N/A	N/A	NA/
N/A	N/A	N/A	N/A
9.0	9.0	9.0	9.0
30.0	30.0	30.0	30.0
37.0	35.0	36.0	34.0
10.0	12.0	11.0	11.0
440.0	449.0	453.0	451.0

**LAKE HAVASU CITY, ARIZONA  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Years				
	2010	2011	2012	2013	2014
<u>Police</u>					
Number of Sworn Officers	91	91	83	83	77
Number of Incidents Handled	67,189	64,024	58,652	60,940	54,843
Number of Report Numbers Issued	7,441	8,242	7,001	7,788	7,126
Number of 911 Calls Processed	17,113	16,691	19,787	19,754	18,969
Response Time, Priority 1 Calls (Minutes)	5:32	5:51	5:56	6:23	6:39
<u>Fire</u>					
Number of Field Suppression Personnel	69	85	72	75	76
Number of Structural Fires	36	35	37	57	35
Number of Emergency Responses	7,311	7,487	7,542	8,358	7,811
Response Time (Minutes)	5:24	5:25	5:27	5:29	6:16
Inspections	4,418	4,055	3,102	1,880	1,280
<u>Highways and Streets</u>					
Street Resurfacing (Miles)	5.00	11.00	15.00	37.00	96.00
Utility Patches	269	219	380	224	211
Skin Patches	98	39	211	52	35
Crackfilling (Miles)	13.00	26.20	40.50	15.00	63.00
<u>Wastewater</u>					
Total Active Sewer Connections (1)	20,192	24,750	25,673	25,826	26,129
Average Daily Flowage (mg)	3.38	3.64	3.69	3.60	3.71
<u>Municipal Parks</u>					
Park Uses	2,587	2,410	2,311	2,418	3,238
<u>Water</u>					
Total Active Water Meters (2)	28,864	29,300	29,329	29,508	29,737
New Connections	245	127	130	230	277
Main Breaks	60	44	55	71	69
Service Line Leaks	366	280	225	239	205
Average Daily Consumption (Gallons) per Capita	250	199	199	199	183
<u>Transit</u>					
Total Ridership (3)	122,500	123,999	114,548	110,414	87,884
Miles Driven	438,003	404,497	347,841	342,391	257,190
<u>General</u>					
Building Permits Issued	908	871	895	1,573	1,907
Building Inspections Conducted	7,486	5,812	5,432	7,605	9,574
Land Use Actions	210	202	75	65	102

(1) "Total Active Sewer Connections" previously included water connections and average annual connections. These figures are now amended from 2006-2014 to only show active sewer connection as of June 30th.

(2) Figures for "Total Active Water Meters" were previously estimated. Figures from 2007 to 2014 were amended to show true total active water meters as of June 30th of the respective year.

(3) "Total Ridership" decreased significantly in 2015 due to discontinued fix route bus service and transition to Havasu Mobility services (door-to-door) as an alternative.

Source: Lake Havasu City, Arizona departments.

Fiscal Years				
2015	2016	2017	2018	2019
83	83	83	81	80
53,897	46,906	44,635	48,828	46,809
7,100	8,095	8,307	8,643	8,121
20,294	20,173	19,626	21,239	19,020
7:02	7:49	7:46	8:01	7:28
75	77	77	77	77
25	31	19	31	31
8,154	8,510	8,654	8,445	8,195
6:06	5:54	6:06	6:06	6:09
2,751	1,615	1,977	2,149	2,550
40.00	58.00	74.00	44.50	85.00
174	36	194	188	155
97	13	26	14	21
27.00	39.00	54.50	147.00	75.00
26,351	32,117	28,802	25,227	27,992
3.73	3.84	3.95	3.80	2.83
3,238	3,355	3,090	3,604	3,437
30,072	30,358	31,701	31,947	32,321
298	361	356	389	373
51	60	43	48	48
194	205	175	169	169
182	178	177	202	189
8,348	8,031	9,050	13,665	13,882
41,932	46,367	47,278	52,290	70,621
2,210	2,478	3,001	1,804	1,725
11,078	12,767	13,454	13,993	14,612
206	189	233	243	258

**LAKE HAVASU CITY, ARIZONA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year				
	2010	2011	2012	2013	2014
<u>Public Safety</u>					
Police:					
Stations	1	1	1	1	1
Patrol Units					
Cars	37	37	40	34	42
Boats	4	5	3	3	3
UTV/Motors	7	5	5	5	5
Fire:					
Stations	6	6	6	6	6
Apparatus					
Fire Trucks	11	11	11	11	16
Vehicles	24	23	23	23	23
Boats	1	1	1	1	1
<u>Highways and Streets</u>					
Streets (Miles)	428.0	435.0	435.0	435.0	435.0
Streetlights	84	84	84	84	84
Traffic Signals	12	13	13	13	13
<u>Culture and Recreation</u>					
Parks Acreage	125.0	125.0	125.0	125.0	130.0
Parks Acreage - Sara Park	1,082	1,082	1,082	1,082	1,082
Parks	15	15	15	15	15
Swimming Pools	1	1	1	1	1
Water Launching Facility	1	1	1	1	1
Community Centers	1	1	1	1	1
<u>Water</u>					
Water Mains (Miles)	500.0	500.0	500.0	500.0	500.0
Fire Hydrants	2,708	2,708	2,708	2,676	2,676
Available Acre Feet	21,271	28,318	28,318	28,318	28,318
<u>Sewer</u>					
Sanitary Sewers (Miles)	292.4	352.9	352.9	352.9	352.9
<u>Transportation</u>					
Transit Buses (1)	19	19	23	21	17
<u>Airport</u>					
Enclosed Hangars	78	78	78	78	78
Shade Ports	16	16	16	16	16

(1) Total number of transit buses decreased significantly in 2015 due to transition from traditional bus services to Havasu Mobility services.

Source: Lake Havasu City, Arizona departments.

Fiscal Year				
2015	2016	2017	2018	2019
1	1	1	1	1
44	33	33	33	33
3	3	4	4	3
5	9	9	9	9
6	6	6	6	6
11	11	11	11	11
36	34	36	36	36
1	1	1	1	1
435.0	435.0	435.0	435.0	435.0
84	84	84	84	84
13	14	14	14	14
130.0	130.0	201.0	201.0	201.0
1,082	1,082	1,082	1,082	1,082
15	16	16	17	17
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
500.0	456.0	452.0	486.0	535.0
2,676	2,512	2,512	2,739	2,989
28,582	25,460	28,582	28,582	2,582
352.9	353.0	352.0	350.0	350.0
5	5	5	6	5
78	78	103	106	120
16	16	23	25	25

**LAKE HAVASU CITY, ARIZONA  
MISCELLANEOUS STATISTICS  
JUNE 30, 2019**

Date of Incorporation	October 2, 1978
Form of Government	Council-Manager
Area	46 square miles
Education	
Number of Schools:	
Public Elementary	6
Public Middle School	1
Public High School	1
Alternative Schools	1
Private	1
Charter Schools	2
Community College (Mohave)	1
State University (NAU)	1
State University (ASU)	1
Number of Students	
L.H.C. Unified School District	4,925
Alternative	73
Private	281
Charter	671
Community College (MCC)	5,210
State University (NAU/ASU)	231
Employees as of June 30, 2019	
Full-Time	419
Part-Time	227
Elected Officials	7
Total Payroll Wages for Fiscal Year 2019	\$ 29,410,422
Elections	
Last Municipal General Election - November 2016	
Number of Registered Voters	33,726
Number of Votes Cast	25,950
Percentage of Registered Voters	76.94%
Last Municipal Primary Election - August 2018	
Number of Registered Voters	35,265
Number of Votes Cast	13,891
Percentage of Registered Voters	39.39%
At the time of incorporation	
Number of Registered Voters	6,053
Active Business Licenses	5,387
Lake Havasu City Municipal Airport (2013 Arizona Airport of the Year)	
Fixed Based Operators	3
Runway Length (in Feet)	8,001

**LAKE HAVASU CITY, ARIZONA  
MISCELLANEOUS STATISTICS (CONTINUED)  
JUNE 30, 2019**

Population

Census Population Count (Calendar Year)

2018***	55,600
2017***	54,801
2016***	53,796
2015***	53,583
2014***	53,193
2013***	52,908
2012***	52,720
2011***	52,406
2010**	52,527
2009*	55,502
2008*	55,429
2007*	55,263
2006*	54,610
2005*	53,435
2004*	51,700
1990**	24,363
1980**	15,926

\*Arizona Department of Economic Security

\*\*United States Census

\*\*\*Arizona Office of Employment and Population Statistics

Based on an average for 2013-2017 from American Community  
5-yr Estimates

Age Distribution of Population

1-4 Years	1,660	3.1%
5-19 Years	7,698	14.4%
20-34 Years	7,462	14.0%
35-44 Years	4,775	8.9%
45-64 Years	15,019	28.1%
65+ Years	16,849	31.5%
	<u>53,463</u>	<u>100%</u>

Median Age 54.0

Median Household Income \$ 52,166

2010 Census information available at the following websites: <http://factfinder2.census.gov>  
Median Age / Median Household Income : Mohave County Economic Development



LAKE HAVASU CITY